



These financial statements have not been audited

FINANCIAL STATEMENTS

30 JUNE 2016

LANGEBERG MUNICIPALITY

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LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas:

*Ashton
Bonnievale
McGregor
Montagu
Robertson*

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 7536

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
SALBC Collective Agreements
SALBC Leave Regulations
Infrastructure Grants
Municipal Budget and Reporting Regulations

LANGEBERG MUNICIPALITY

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

Gagiano, D	Executive Mayor	DA	Proportional
Hull, D A	Speaker	DA	Ward
Nyamana, W Z	Deputy Mayor	COPE	Proportional
Van Eeden, SW	Member of Mayoral Committee	DA	Ward
Scheffers, EMJ	Member of Mayoral Committee	DA	Ward
Kortje, R R	Member of Mayoral Committee	DA	Ward
Crouwcamp, NP	Member of Mayoral Committee	CI	Proportional
Burger, J D	Ordinary Councillor	DA	Ward
De Koker, T S	Ordinary Councillor	DA	Ward
Janse, D B	Ordinary Councillor	DA	Ward
Kriel, J	Ordinary Councillor	DA	Ward
Shibili, A J	Ordinary Councillor	ANC	Ward
Turner, E	Ordinary Councillor	DA	Ward
Van Zyl, J D F	Ordinary Councillor	DA	Ward
Fanele, B	Ordinary Councillor	ANC	Ward
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Johnson, R	Ordinary Councillor	ANC	Proportional
Mgoqi, N J	Ordinary Councillor	ANC	Proportional
Swanepoel, CB	Ordinary Councillor	ANC	Proportional
Nyamana, W S	Ordinary Councillor	ANC	Proportional
DE Koker, HC	Ordinary Councillor	CI	Proportional
Goodwin, J P	Ordinary Councillor	WCC	Proportional
Vollenhoven, E J	Ordinary Councillor	ANC	Proportional

APPROVAL OF FINANCIAL STATEMENTS

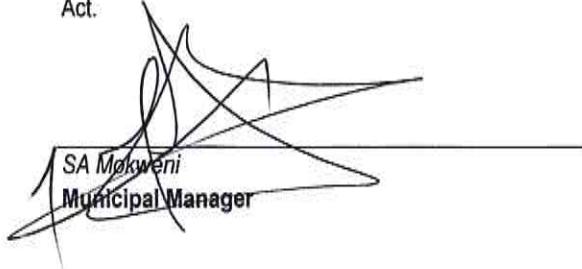
I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 106 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

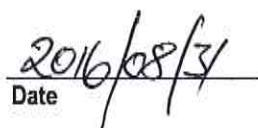
I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



SA Makweni
Municipal Manager


Date

LANGEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANGEBERG MUNICIPALITY for the fiscal year 2015/2016.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom price increases continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 June 2016	30 June 2015
Surplus / (Deficit) for the year before Appropriations	52 448 013	12 791 520
Accumulated Surplus / (Deficit) at the end of the Year	518 256 518	471 671 210
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	26.67%	26.84%
Remuneration of Councillors	1.60%	1.61%
Debt Impairment	5.55%	4.14%
Depreciation and Amortisation	5.66%	3.94%
Collection costs	0.27%	0.23%
Impairments	0.09%	2.67%
Repairs and Maintenance	3.31%	2.87%
Actuarial losses	0.00%	0.01%
Unamortised Discount - Interest paid	0.02%	0.02%
Finance Charges	2.09%	1.81%
Bulk Purchases	44.21%	41.45%
Contracted services	0.40%	0.38%
Grants and Subsidies	0.14%	0.02%
Stock Adjustments	0.00%	0.07%
Operating Grant Expenditure	0.00%	0.00%
General Expenses	9.70%	13.89%
Loss on disposal of Property,Plant and Equipment	0.29%	0.02%

It should be noted that bulk purchases for water and electricity is 44.21% of the total expenditure for 2015/2016.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance actual/ budgeted %
Opening surplus / (deficit)	471 671 210	452 480 201	4.24%	-	
Operating income for the year (incl. gains in disposal of assets)	599 961 296	528 916 409	13.43%	581 373 571	3.20%
Appropriations for the year	(5 862 705)	6 399 488		-	
	1 065 769 801	987 796 099	7.89%	581 373 571	83.32%
Expenditure:					
Operating expenditure for the year	547 513 283	516 124 890	6.08%	587 907 306	-6.87%
Closing surplus / (deficit)	518 256 518	471 671 210			
	1 065 769 801	987 796 099	7.89%	587 907 306	81.28%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R74 395 341, and in percentage terms amounts to 127% of budget. Full details of Property, Plant and Equipment are disclosed in note number 43.3 to the Annual Financial Statements.

The capital expenditure of R 74 395 341 (2015/16) was financed as follows:

DETAILS	Actual 2015/2016 R	Budgeted 2015/2016 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	26 133 221	28 532 410	-9%	35.13%
External Loans				
Grants and Subsidies	46 420 273	30 141 230	35%	62.40%
Leased Assets	1 841 847		100%	2.48%
	74 395 341	58 673 640		100.00%

5. LONG-TERM LIABILITIES

	2016 R	2015 R
The outstanding amount of Long-term Liabilities as at 30 June was :	26 824 640	29 473 883
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.		

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	107 775 879	109 194 827
Provision for Post Retirement Benefits	49 757 869	50 752 310
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	8 314 474	7 900 019
Provision for Rehabilitation of Landfill-sites	49 703 536	50 542 498
Provision for Clearing of Alien Vegetation	-	-
	107 775 879	109 194 827

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:		
Consumer Deposits	Note number 6	9 019 575
Current Employee benefits	Note number 7	13 537 424
Provisions	Note number 8	5 924 411
Payables from exchange transactions	Note number 9	72 033 485
Unspent Conditional Government Grants and Receipts	Note number 10	9 582 308
Unspent Public Contributions	Note number 11	684 330
Taxes	Note number 12.3	-
Current Portion of Long-term Liabilities	Note number 3	4 241 962
		115 023 494
		96 506 612

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	342 371	470 433
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	586 911 807	535 632 789
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Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	90 015 287	24 868 724
Listed Investment	113 910	115 524
Unlisted Investments	6 993	5 654
	90 136 190	24 989 903

Refer to Note number 18 and 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

2 761 810	1 406 699
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12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	20 489 769	20 128 498
Receivables from exchange transactions	Note number 21	41 829 874	37 928 391
Receivables from non-exchange transactions	Note number 22	5 397 777	4 854 039
Unpaid Conditional Government Grants and Receipts	Note number 10		
Operating Lease Asset	Note number 23	88 941	76 262
Taxes	Note number 12	631 385	-
Current Portion of Long-term Receivables	Note number 19	529 249	614 506
Cash and Cash Equivalents	Note number 24	103 610 078	82 633 526
		172 577 073	146 235 222

Refer to the Indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Note number 26 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 50.

15. DISCLOSURE ISSUES

Please refer to note number 45 to 54.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.



Mr B Brown
CHIEF FINANCIAL OFFICER
31 August 2016

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R	2015 R
NET ASSETS AND LIABILITIES			
Net Assets		553 501 695	501 053 683
Capital Replacement Reserve	2	35 245 178	29 382 473
Accumulated Surplus		518 256 518	471 671 210
Non-Current Liabilities		129 646 827	133 563 908
Long-term Liabilities	3	21 870 948	24 369 081
Non-Current Employee Benefits	4	58 072 343	58 652 329
Non-Current Provisions	5	49 703 536	50 542 498
Current Liabilities		115 023 494	96 506 612
Consumer Deposits	6	9 019 575	7 987 509
Current Employee benefits	7	13 537 424	11 839 926
Provisions	8	5 924 411	4 708 926
Payables from exchange transactions	9	72 033 485	56 893 989
Unspent Conditional Government Grants and Receipts	10	9 582 308	9 857 121
Unspent Public Contributions	11	684 330	684 330
Taxes	12	-	193 643
Current Portion of Long-term Liabilities	3	4 241 962	4 341 168
Total Net Assets and Liabilities		798 172 017	731 124 204
ASSETS			
Non-Current Assets		625 594 944	584 888 982
Property, Plant and Equipment	13	586 911 807	535 632 789
Investment Property	14	27 240 649	27 290 366
Intangible Assets	15	342 371	470 433
Heritage Assets	16	260 000	260 000
Capitalised Restoration cost	17	7 957 403	19 707 516
Non-Current Investments	18	120 903	121 178
Long-Term Receivables	19	2 761 810	1 406 699
Current Assets		172 577 073	146 235 222
Inventory	20	20 489 769	20 128 498
Receivables from exchange transactions	21	41 829 874	37 928 391
Receivables from non-exchange transactions	22	5 397 777	4 854 039
Unpaid Conditional Government Grants and Receipts	10	-	-
Operating Lease Asset	23	88 941	76 262
Taxes	12	631 385	-
Current Portion of Long-term Receivables	19	529 249	614 506
Cash and Cash Equivalents	24	103 610 078	82 633 526
Total Assets		798 172 017	731 124 204

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 Actual	2015 Restated	2015 Correction of Error Refer Note 40	2015 Previously reported
					R
REVENUE					
Revenue from Non-exchange Transactions		190 889 727	164 286 775		164 286 775
Taxation Revenue		39 954 462	34 519 573	-	34 519 573
Property rates	25	39 954 462	34 519 573	-	34 519 573
Transfer Revenue		122 165 869	105 888 485	-	105 888 485
Government Grants and Subsidies - Capital	26	46 347 944	22 718 920	-	22 718 920
Government Grants and Subsidies - Operating	26	75 817 925	82 859 465	-	82 859 465
Public Contributions and Donations		-	310 100	-	310 100
Other Revenue		28 769 397	23 878 717	-	23 878 717
Actuarial Gains	4	6 741 931	2 042 666	-	2 042 666
Fair Value Adjustments		-	11 556	-	11 556
Fines		20 679 190	21 824 496	-	21 824 496
Impairment Reversal	33	1 244 505	-	-	-
Stock Adjustments		103 771	-	-	-
Revenue from Exchange Transactions		409 071 568	364 629 635	7 671	364 621 964
Service Charges	27	373 675 200	334 215 461	-	334 215 461
Rental of Facilities and Equipment		2 623 754	2 331 803	7 671	2 324 132
Interest Earned - external investments		4 391 659	3 221 916	-	3 221 916
Interest Earned - outstanding debtors		1 954 666	1 715 825	-	1 715 825
Licences and Permits		1 169 318	1 151 313	-	1 151 313
Agency Services		3 140 603	2 826 789	-	2 826 789
Other Income	28	18 510 857	18 479 944	-	18 479 944
Unamortised Discount - Interest		76 223	73 730	-	73 730
Gain on disposal of Property, Plant and Equipment		3 529 288	612 853	-	612 853
Total Revenue		599 961 296	528 916 409	7 671	528 908 739
EXPENDITURE					
Employee related costs	29	146 026 534	138 553 555	-	138 553 555
Remuneration of Councillors	30	8 740 174	8 331 452	-	8 331 452
Debt Impairment	31	30 410 351	21 362 238	-0	21 362 238
Depreciation and Amortisation	32	30 984 784	20 348 069	5 877	20 342 192
Collection costs		1 474 865	1 204 601	-	1 204 601
Impairments	33	508 397	13 782 844	-	13 782 844
Repairs and Maintenance		18 136 914	14 835 938	133 503	14 702 435
Actuarial losses	4	-	45 963	-	45 963
Unamortised Discount - Interest paid		128 126	97 664	-	97 664
Finance Charges	34	11 429 475	9 348 223	-	9 348 223
Bulk Purchases	35	242 031 964	213 946 138	-	213 946 138
Contracted services		2 183 363	1 983 148	-	1 983 148
Grants and Subsidies	36	749 000	120 000	-	120 000
Stock Adjustments		14 410	381 983	-	381 983
General Expenses	37	53 128 040	71 693 215	439	71 692 776
Loss on disposal of Property,Plant and Equipment		1 566 609	89 861	299	89 562
Fair Value Adjustments		276	-	-	-
Total Expenditure		547 513 283	516 124 890	140 116	515 984 773
NET SURPLUS/(DEFICIT) FOR THE YEAR		52 448 013	12 791 520	(132 445)	12 923 965

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2015	35 781 962	452 227 659	488 009 621
Correction of error (Refer Note 38)		252 542	252 542
Balance at 01 JULY 2015	35 781 962	452 480 201	488 262 163
Net Surplus for the year		12 791 520	12 791 520
Transfer to/from CRR	23 237 859	(23 237 859)	-
Property,Plant and Equipment purchased	(29 637 348)	29 637 348	-
Balance at 30 JUNE 2015	29 382 473	471 671 210	501 053 683
Net Surplus for the year		52 448 013	52 448 013
Transfer to/from CRR	31 849 458	(31 849 458)	-
Property,Plant and Equipment purchased	(25 986 754)	25 986 754	-
Balance at 30 JUNE 2016	35 245 178	518 256 518	553 501 695

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2016	RESTATED 30 JUNE 2015
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	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		426 609 189	391 121 757
Government - operating		75 959 414	83 996 930
Government - capital		46 367 736	28 579 909
Interest		2 321 881	2 438 575
Payments			
Suppliers and employees		(454 505 626)	(426 710 421)
Finance charges		(2 853 665)	(3 191 405)
Transfers and Grants		(749 000)	(120 000)
Cash generated by operations	39	93 149 930	76 115 346
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(72 481 164)	(52 216 289)
Proceeds on Disposals		3 786 067	879 626
Purchase of Intangible Assets	15	-	(53 000)
Net Cash from Investing Activities		(68 695 097)	(51 389 663)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(4 510 346)	(4 099 770)
(Decrease)/Increase in Consumer Deposits		1 032 065	810 698
Net Cash from Financing Activities		(3 478 281)	(3 289 071)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		20 976 552	21 436 612
Cash and Cash Equivalents at the beginning of the year		82 633 526	61 196 915
Cash and Cash Equivalents at the end of the year	40	103 610 078	82 633 526
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		20 976 552	21 436 612

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	13 594 791	30 946 367	(17 351 576)	
Call investment deposits	90 015 287	55 000 000	35 015 287	
Consumer debtors	47 227 651	22 093 295	25 134 356	
Other Receivables	720 326	10 500 000	(9 779 674)	
Current portion of long-term receivables	529 249	550 000	(20 751)	
Inventory	20 489 769	25 000 000	(4 510 231)	
Total current assets	172 577 073	144 089 661	28 487 412	
Non current assets				
Long-term receivables	2 761 810	1 650 000	1 111 810	
Investments	120 903	125 000	(4 097)	
Investment property	27 240 649	26 866 506	374 142	
Property, plant and equipment	594 869 210	564 955 948	29 913 262	
Biological Assets	-	-	-	
Intangible Assets	342 371	426 513	(84 142)	
Heritage Assets	260 000	3 100 000	(2 840 000)	
Total non current assets	625 594 944	597 123 968	28 470 976	
TOTAL ASSETS	798 172 017	741 213 629	56 958 387	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	4 241 962	3 790 850	451 112	
Consumer deposits	9 019 575	8 077 830	941 745	
Trade and other payables	82 300 123	44 462 676	37 837 446	
Provisions and Employee Benefits	19 461 835	13 000 000	6 461 835	
Total current liabilities	115 023 494	69 331 356	45 692 138	
Non current liabilities				
Borrowing	21 870 948	26 010 001	(4 139 053)	
Provisions and Employee Benefits	107 775 879	72 624 299	35 151 580	
Total non current liabilities	129 646 827	98 634 300	31 012 527	
TOTAL LIABILITIES	244 670 321	167 965 656	76 704 665	
NET ASSETS	553 501 695	573 247 973	(19 746 278)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	518 256 518	539 969 166	(21 712 648)	
Reserves	35 245 178	33 278 807	1 966 371	
TOTAL COMMUNITY WEALTH/EQUITY	553 501 695	573 247 973	(19 746 278)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	30 946 367	-	30 946 367	
Call investment deposits	55 000 000	-	55 000 000	
Consumer debtors	22 093 295	-	22 093 295	
Other Receivables	10 500 000	-	10 500 000	
Current portion of long-term receivables	550 000	-	550 000	
Inventory	25 000 000	-	25 000 000	
Total current assets	144 089 661	-	144 089 661	
Non current assets				
Long-term receivables	1 650 000	-	1 650 000	
Investments	125 000	-	125 000	
Investment property	26 866 506	-	26 866 506	
Property, plant and equipment	564 955 948	-	564 955 948	
Biological Assets	-	-	-	
Intangible Assets	426 513	-	426 513	
Heritage Assets	3 100 000	-	3 100 000	
Total non current assets	597 123 968	-	597 123 968	
TOTAL ASSETS	741 213 629	-	741 213 629	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 790 850	-	3 790 850	
Consumer deposits	8 077 830	-	8 077 830	
Trade and other payables	44 462 676	-	44 462 676	
Provisions and Employee Benefits	13 000 000	-	13 000 000	
Total current liabilities	69 331 356	-	69 331 356	
Non current liabilities				
Borrowing	26 010 001	-	26 010 001	
Provisions and Employee Benefits	72 624 299	-	72 624 299	
Total non current liabilities	98 634 300	-	98 634 300	
TOTAL LIABILITIES	167 965 656	-	167 965 656	
NET ASSETS	573 247 973	-	573 247 973	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	539 969 166	-	539 969 166	
Reserves	33 278 807	-	33 278 807	
TOTAL COMMUNITY WEALTH/EQUITY	573 247 973	-	573 247 973	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	39 954 462	39 917 290	37 172	
Property rates - penalties & collection charges	-	486 940	(486 940)	
Service charges	373 675 200	368 830 930	4 844 270	
Rental of facilities and equipment	2 623 754	2 725 550	(101 796)	
Interest earned - external investments	4 391 659	3 539 850	851 809	
Interest earned - outstanding debtors	1 954 666	1 587 180	367 486	
Dividends received	-	-	-	
Actuarial Gains	6 741 931	5 000 000	1 741 931	
Fines	20 679 190	18 862 030	1 817 160	
Impairment Reversal	1 244 505	-	1 244 505	
Stock Adjustments	103 771	-	103 771	
Licences and permits	1 169 318	1 725 280	(555 962)	
Agency services	3 140 603	2 866 310	274 293	
Government Grants and Subsidies	122 165 869	116 876 391	5 289 478	
Other revenue	18 587 081	18 955 820	(368 739)	
Gains on disposal of PPE	3 529 288	-	3 529 288	
Total Operating Revenue	599 961 296	581 373 571	18 587 725	
EXPENDITURE BY TYPE				
Employee related costs	146 026 534	160 097 159	(14 070 625)	Savings on employee related costs due to vacant posts
Remuneration of councillors	8 740 174	8 858 480	(118 306)	
Debt impairment	30 410 351	24 772 890	5 637 461	Due to IGRAP 1 traffic fines debt impairment.
Depreciation & asset impairment	31 493 181	34 744 640	(3 251 459)	
Finance charges	11 429 475	8 665 780	2 763 695	
Bulk purchases	242 031 964	241 735 310	296 654	
Other materials	18 136 914	-	18 136 914	Included in other expenditure on budget schedules.
Contracted services	2 183 363	2 036 020	147 343	
Grants and subsidies paid	749 000	125 760	623 240	
Other expenditure	54 745 716	106 871 267	(52 125 551)	Other materials included as per budget schedules.
Loss on disposal of PPE	1 566 609	-	1 566 609	
Total Operating Expenditure	547 513 283	587 907 306	(40 394 023)	
Operating Surplus/(Deficit) for the year	52 448 013	(6 533 735)	58 981 748	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	2016 R Final Virements	2016 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	39 917 290	-	39 917 290	-	39 917 290	
Property rates - penalties & collection charges	486 940	-	486 940	-	486 940	
Service charges	368 830 930	-	368 830 930	-	368 830 930	
Rental of facilities and equipment	2 725 550	-	2 725 550	-	2 725 550	
Interest earned - external investments	3 539 850	-	3 539 850	-	3 539 850	
Interest earned - outstanding debtors	1 587 180	-	1 587 180	-	1 587 180	
Dividends received	-	-	-	-	-	
Fines	18 862 030	-	18 862 030	-	18 862 030	
Licences and permits	1 725 280	-	1 725 280	-	1 725 280	
Agency services	2 866 310	-	2 866 310	-	2 866 310	
Transfers recognised	116 876 391	-	116 876 391	-	116 876 391	
Other revenue	23 955 820	-	23 955 820	-	23 955 820	
Gains on disposal of PPE	-	-	-	-	-	
Total Operating Revenue	581 373 571	-	581 373 571	-	581 373 571	
EXPENDITURE BY TYPE						
Employee related costs	160 097 159	-	160 097 159	-	160 097 159	
Remuneration of councillors	8 858 480	-	8 858 480	-	8 858 480	
Debt impairment	24 772 890	-	24 772 890	-	24 772 890	
Depreciation & asset impairment	34 744 640	-	34 744 640	-	34 744 640	
Finance charges	8 665 780	-	8 665 780	-	8 665 780	
Bulk purchases	241 735 310	-	241 735 310	-	241 735 310	
Other materials	-	-	-	-	-	
Contracted services	2 036 020	(20 500)	2 036 020	-	2 036 020	
Grants and subsidies paid	125 760	-	125 760	-	125 760	
Other expenditure	106 871 267	20 500	106 871 267	-	106 871 267	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	587 907 306	-	587 907 306	-	587 907 306	
Operating Surplus/(Deficit) for the year	(6 533 735)	-	(6 533 735)	-	(6 533 735)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	426 609 189	450 922 116	(24 312 927)	
Government - operating	75 959 414	85 498 180	(9 538 766)	
Government - capital	46 367 736	23 911 820	22 455 916	
Interest	2 321 881	6 481 879	(4 159 998)	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(454 505 626)	(501 740 330)	47 234 704	
Finance charges	(2 853 665)	(2 673 640)	(180 025)	
Transfers and Grants	(749 000)	-	(749 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	93 149 930	62 400 025	30 749 905	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	3 786 067	-	3 786 067	
Decrease/(increase) in non-current receivables	-	2 000 000	(2 000 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(72 481 164)	(58 673 640)	(13 807 524)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(68 695 097)	(56 673 640)	-12 021 457	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	(4 510 346)	-	(4 510 346)	
Increase/(decrease) in consumer deposits	1 032 065	457 236	574 829	
Payments				
Repayment of borrowing	-	(2 870 780)	2 870 780	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 478 281)	(2 413 544)	-1 064 737	
NET INCREASE/(DECREASE) IN CASH HELD	20 976 552	3 312 840	17 663 711	
Cash and Cash Equivalents at the beginning of the year	82 633 526	82 633 526	-	
Cash and Cash Equivalents at the end of the year	103 610 078	85 946 367	17 663 712	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	450 922 116	-	450 922 116	
Government - operating	85 498 180	-	85 498 180	
Government - capital	23 911 820	-	23 911 820	
Interest	6 481 879	-	6 481 879	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(501 740 330)	-	(501 740 330)	
Finance charges	(2 673 640)	-	(2 673 640)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	62 400 025	-	62 400 025	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	2 000 000	-	2 000 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(58 673 640)	-	(58 673 640)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56 673 640)	-	(56 673 640)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	457 236	-	457 236	
Payments				
Repayment of borrowing	(2 870 780)	-	(2 870 780)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 413 544)	-	(2 413 544)	
NET INCREASE/(DECREASE) IN CASH HELD	3 312 840	-	3 312 840	
Cash and Cash Equivalents at the beginning of the year	82 633 526	82 633 526	-	
Cash and Cash Equivalents at the end of the year	85 946 367	85 946 367	17 663 712	

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format and are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2015 to 30 June 2016. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2015/16 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) is credited by a corresponding amount when the amounts in the CRR are utilized.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.10. LEASES

1.10.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 *Municipality as Lessor*

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.12 UNSPENT PUBLIC CONTRIBUTIONS

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions

not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant receivable:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

LANGEBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised.

1.15. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) *Ex gratia Gratuities*

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(e) *Staff Bonuses*

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(f) Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.16. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25
<u>Community</u>		Computer equipment	2-20
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<u>Finance lease assets</u>			
Office equipment	2-22		
Other assets	2-22		

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Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4 *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 *Land and Buildings and Other Assets – application of deemed cost (Directive 7)*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value, as determined by a valuator, was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.17.6 *Capitalised Restoration Cost*

The Municipality treats the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.17.1 to 1.17.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method.

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1.18. INTANGIBLE ASSETS

1.18.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	2-7
Computer Software Licenses	2-7

1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

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1.19. INVESTMENT PROPERTY

1.19.1 *Initial Recognition*

Investment property shall be recognised as an asset when; and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.19.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3 *Depreciation and Impairment*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	1-100

1.19.4 *De-recognition*

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5 *Application of deemed cost - Directive 7*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20 HERITAGE ASSETS

1.20.1 *Initial Recognition*

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

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1.20.2 *Subsequent Measurement – Cost Model*

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3 *Depreciation and Impairment*

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.20.4 *De-recognition*

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5 *Application of deemed cost - Directive 7*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 *Cash-generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

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The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2 *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

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In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated

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depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.22. INVENTORIES

1.22.1 *Initial Recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.22.2 *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1 *Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.23.2 *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1 *Trade and Other Receivables*

Trade and other receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar

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credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2 *Trade and Other Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.23.2.4 Non-Current Investments

Investments which include investments in SANLAM, KVV and Capevin are stated at fair value and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23.3 *De-recognition of Financial Instruments*

1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.24. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.24.1 *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.24.2 *Subsequent measurement*

The Municipality initially measures the statutory receivables at their transaction amount.

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future.

Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.24.3 *Derecognition*

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- (i) derecognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2015 was written off in the 2015/2016 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue.

The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25.3 ***Grants, Transfers and Donations (Non-Exchange Revenue)***

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.26. **TRANSFER OF FUNCTION (Municipality as the acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.
- The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:
 - (a) identifying the acquirer (Municipality);
 - (b) determining the acquisition date;
 - (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
 - (d) recognising the difference between (c) and the consideration transferred to the seller.

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As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and

liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

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- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.33.1. *Post retirement medical obligations, Long service awards and Ex gratia gratuities:*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.33.2. *Impairment of trade receivables:*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.33.3. *Property, plant and equipment:*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.33.4. *Intangible assets:*

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.33.5. *Investment Property:*

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.33.6. *Provisions and contingent liabilities:*

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.33.7. *Revenue Recognition:*

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.33.8. *Pre-paid electricity estimation:*

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.33.9. *Provision for Landfill Sites*

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.33.10. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.33.11. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.34. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.35. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect

		2016 R	2015 R
2	NET ASSET RESERVES		
	Capital Replacement Reserve	35 245 178	29 382 473
	Total Net Asset Reserves	35 245 178	29 382 473
	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	24 989 530	28 436 941
	Capitalised Lease Liability - At amortised cost	1 835 110	1 036 942
		26 824 640	29 473 883
	Current Portion transferred to Current Liabilities	4 241 962	4 341 168
	Annuity Loans - At amortised cost	3 639 125	3 456 422
	Capitalised Lease Liability - At amortised cost	602 837	884 745
		22 582 678	25 132 715
	Unamortised charges on loans	(711 731)	(763 634)
	Balance 1 July	763 634	787 568
	Adjustment for the period	(51 903)	(23 934)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	21 870 948	24 369 081
	Refer below for maturity dates of long term liabilities:		
3.4	The obligations under annuity loans are scheduled below:	Minimum annuity payments	
	Amounts payable under annuity loans:		
	Payable within one year	6 136 613	6 342 881
	Payable within two to five years	22 112 492	25 084 338
	Payable after five years	7 790 589	13 505 708
		36 039 694	44 932 926
	<u>Less:</u> Future finance obligations	<u>(11 050 164)</u>	<u>(16 495 985)</u>
	Present value of annuity obligations	24 989 530	28 436 941
	Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.		
3.5	The obligations under finance leases are scheduled below:	Minimum lease payments	
	Amounts payable under finance leases:		
	Payable within one year	602 837	884 745
	Payable within two to five years	1 232 273	152 196
	Payable after five years	-	-
		1 835 110	1 036 942
	<u>Less:</u> Future finance obligations	<u>-</u>	<u>-</u>
	Present value of lease obligations	1 835 110	1 036 942

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

LONG TERM LIABILITIES (CONTINUE)

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Lease Term</u>	<u>Maturity Date</u>
SASFIN	TASKalfa (FS 1135 MFP)NR73259193	14.50%	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR72530468	14.50%	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR7367446	15.25%	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531587	15.25%	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531588	15.25%	24 months	25/03/2017
SASFIN	TASKalfa 3510iLH44702656	15.25%	36 months	25/07/2018
SASFIN	TASKalfa 3510iLH44702681	15.25%	36 months	25/07/2018
SASFIN	TASKalfa M2535 DN15267449	16.50%	36 months	25/01/2019
SUNLYN	NEC SV8100 PABX0834143742100001	16.50%	36 months	25/01/2019
SASFIN	TASKalfa 3551 Ci MFPK581144	16.50%	36 months	25/02/2019
SASFIN	TA 5551 ci MFP (Colour)B5706424	16.50%	36 months	25/01/2019
SASFIN	TA 5551 ci MFP (Colour)B5706437	16.50%	36 months	25/01/2019
SASFIN	TASKalfa 5551 CiB5706441	16.50%	36 months	25/11/2018
SASFIN	TASKalfa 350i44702675	16.50%	36 months	25/11/2018
SUNLYN	NEC SV8100 PABX2B0385BK700065 & A1023352100265	16.50%	36 months	25/03/2019
SUNLYN	NEC SV8100 PABXITL5BE 1P 10 Units	16.50%	36 months	25/03/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

4	NON-CURRENT EMPLOYEE BENEFITS	2016	2015
		R	R
	Post Retirement Benefits - Refer to Note 4.1	49 757 869	50 752 310
	Long Service Awards - Refer to Note 4.2	8 314 474	7 900 019
	Total Non-current Employee Benefit Liabilities	58 072 343	58 652 329
	 <u>Post Retirement Benefits</u>		
	Balance 1 July	52 388 354	49 103 189
	Contribution for the year	2 461 107	2 542 884
	Interest Cost	4 601 451	4 353 222
	Expenditure for the year	(1 649 136)	(1 568 275)
	Actuarial Loss / (Gain)	(6 388 807)	(2 042 666)
	Total post retirement benefits 30 June	51 412 969	52 388 354
	Less: Transfer of Current Portion - Note 7	(1 655 100)	(1 636 044)
	Balance 30 June	49 757 869	50 752 310

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Long Service Awards

Balance 1 July	9 279 667	8 470 946
Contribution for the year	808 271	706 504
Interest Cost	683 442	648 522
Expenditure for the year	(1 040 276)	(592 268)
Actuarial Loss / (Gain)	(353 124)	45 963
Total long service 30 June	9 377 980	9 279 667
Less:	Transfer of Current Portion - Note 7	
Balance 30 June	8 314 474	7 900 019

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	61 668 021	57 574 135
Contribution for the year	3 269 378	3 249 388
Interest cost	5 284 893	5 001 744
Expenditure for the year	(2 689 412)	(2 160 543)
Net Actuarial Loss / (Gain)	(6 741 931)	(1 996 703)
Total employee benefits 30 June	60 790 949	61 668 021
Less:	Transfer of Current Portion - Note 7	
Balance 30 June	58 072 343	58 652 329

4.1 Post Retirement Benefits

2016

2015

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	180	171
In-service (employee) non-members	499	508
Continuation members (e.g. Retirees, widows, orphans)	57	57
Total Members	736	736

The liability in respect of past service has been estimated to be as follows:

In-service members	30 063 701	29 611 793
Continuation members	21 349 268	22 776 561
Total Liability	51 412 969	52 388 354

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
In-service members	28 192 606	22 129 363	21 696 401
Continuation members	20 910 583	18 360 338	16 397 499
Total Liability	49 103 189	40 489 701	38 093 900

	2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(3.558)	(1.925)	2.680	(0.825)	0.861
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed
LA Health
Samwumed; and
Keyhealth.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Key actuarial assumptions used:

The Projected Unit Credit Method has been used to value the liabilities.

i) Rate of interest

	2016 %	2015 %
Discount rate	9.28%	8.92%
Health Care Cost Inflation Rate	8.35%	8.04%
Net Effective Discount Rate	0.86%	0.82%

The discount rate used is a composite of all government bonds and calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

2016 R	2015 R
-----------	-----------

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	51 412 969	52 388 354
Net liability/(asset)	51 412 969	52 388 354

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	52 388 354	49 103 189
Total expenses	5 413 422	5 327 831
Current service cost	2 461 107	2 542 884
Interest Cost	4 601 451	4 353 222
Benefits Paid	(1 649 136)	(1 568 275)
Actuarial Loss / (Gain)	(6 388 807)	(2 042 666)
Present value of fund obligation at the end of the year	51 412 969	52 388 354
Less: Transfer of Current Portion - Note 7	(1 655 100)	(1 636 044)
Balance 30 June	49 757 869	50 752 310

Sensitivity Analysis on the Accrued Liability

Assumption	Central Assumptions	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
		30.064	21.349	51.413	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
		(Rm)	(Rm)	(Rm)	
Health care inflation	1%	33.253	22.671	55.924	9%
Health care inflation	-1%	26.139	19.889	46.028	-10%
Discount rate	1%	25.204	19.594	44.798	-13%
Discount rate	-1%	36.304	23.398	59.702	16%
Post-retirement mortality	-1 year	30.979	22.213	53.192	3%
Average retirement age	-1 year	32.662	21.349	54.011	5%
Withdrawal Rate	-10%	22.790	21.349	44.139	-14%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

2017
R

The following are estimates for the 2016/2017 financial year:

Future Service Cost					2 434 400
Interest Cost					4 695 600
Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		2 434 400	4 695 600	7 130 000	-
Health care inflation	1%	2 705 000	5 114 200	7 819 200	10%
Health care inflation	-1%	2 076 500	4 195 900	6 272 400	-12%
Discount rate	1%	2 002 300	4 521 800	6 524 100	-8%
Discount rate	-1%	2 998 200	4 875 700	7 873 900	10%
Post-retirement mortality	-1 year	2 506 100	4 860 700	7 366 800	3%
Average retirement age	-1 year	2 622 300	4 936 600	7 558 900	6%
Withdrawal Rate	-10%	1 831 700	4 020 700	5 852 400	-18%

2016 2015

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	679	679
Key actuarial assumptions used:	2016 %	2015 %

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	9 377 980	9 279 667
Net liability	9 377 980	9 279 667

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2014 2013 2012

Total Liability

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	256 159	175 329	217 727	163 567	(102 179)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000
Reconciliation of present value of fund obligation:					
Present value of fund obligation at the beginning of the year			9 279 667	8 470 946	
Total expenses			451 437	762 758	
Current service cost			808 271	706 504	
Interest Cost			683 442	648 522	
Benefits Paid			(1 040 276)	(592 268)	
Actuarial Loss / (Gain)			(353 124)	45 963	
Present value of fund obligation at the end of the year			9 377 980	9 279 667	
<u>Less:</u> Transfer of Current Portion - Note 7			(1 063 506)	(1 379 648)	
Balance 30 June			8 314 474	7 900 019	

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		9 378	-
General salary inflation	1%	9 996	7%
General salary inflation	-1%	8 817	-6%
Discount rate	1%	8 794	-6%
Discount rate	-1%	10 034	7%
Average retirement age	2 yrs	7 965	-15%
Average retirement age	+2 yrs	10 790	15%
Withdrawal rates	-50%	11 118	19%

2017
R

The following are estimates for the 2016/2017 financial year:

Future Service Cost	829 300
Interest Cost	756 300

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		829 300	756 300	1 585 600	-
General salary inflation	1%	899 900	808 800	1 708 700	8%
General salary inflation	-1%	766 200	708 600	1 474 800	-7%
Discount rate	1%	771 100	789 200	1 560 300	-2%
Discount rate	-1%	895 400	717 100	1 612 500	2%
Average retirement age	2 yrs	722 700	635 600	1 358 300	-14%
Average retirement age	+2 yrs	937 600	876 800	1 814 400	14%
Withdrawal rates	-50%	1 096 500	904 800	2 001 300	26%

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2015	2 136 012	2 026 278	1

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2015 disclosed an actuarial valuation amounting to R2,136,012,000 (30 June 2014 : R3,631,518,000), with a nett accumulated surplus of R21,948,000 (2014 : R23,343,000 (deficit)), with a funding level of 153.1% (30 June 2014 : 101.7%). The actuarial valuation report at 30 June 2015 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,932,720,000 (30 June 2014 : R556,689,000), net investment reserve of R0 (30 June 2014 : R0) and a funding level of 100% (2014 : 100%).

The actuary concluded that :

- The Pensioner Account has a surplus of R28 million and a funding level of 101.4%.
- The balance of the DB Section for DB active members has a surplus of R21.9 million and a funding level of 153.1%.
- The DC Section has a funding level of 100.0% and no surplus.
- There is a future service contribution rate shortfall of 5.34% of salary in respect of 29 remaining DB active members after the transfer of DB active members to the DC Section.
- The Trustees granted a pension increase of 3% effective 1 January 2016 and a bonus of 75% of monthly pension payable in December 2015. Pro-rata pension increases and bonus apply for pensions in payment for less than one year. The pension increase and bonus are affordable given the healthy funding level of the Pensioner Account and the excellent investment returns achieved over the last three years. The actuary certified that the Fund is in a sound financial condition as at 30 June 2015, the nature of the assets is suitable for the Fund and the Fund's investment strategy is suitable, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this asset class. Furthermore the assets are appropriately matched relative to the term and nature of the liabilities and the risk benefits for the remaining active members of the DB Section are partially re-insured. This may result in volatile death benefit experience for the Fund. It would be more appropriate to re-insure the full value of these death benefits. Finally the risk benefits of the DC Section are fully re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance

34 908

32 624

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2015	18 322 177	18 250 742	587

The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R18,322,177,000 (30 June 2014: R17,172,854,000), with funding levels of 112.1% and 100% (30 June 2014 112.6% and 100%) for the Share Account and the Pensions Account respectively. The Presevation Pension Account showed a surplus of R0 and was 100% funded for both 2015 & 2014. The contribution rate paid by the members (7.50%/9%) and the municipalities (19.50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance

20 103 506

18 658 764

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

DEFINED CONTRIBUTION FUNDS

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
South African Local Authorities Pension Fund	July 2014	12 658 200	12 658 200	20
SAMWU National Provident Fund	June 2008	2 455 947	2 455 947	84

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2014 revealed that the assets of the fund amounted to R12,658,200,000 (30 June 2013 :

R10,439,200,000), with funding levels of 100% (30 June 2013: 100%). The highest contribution rate paid by the members was 9% and by Council 19.18%. It is the actuary's opinion that :

- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2,455,947,000 (30 June 2005 : R1,511,461,000), with funding levels of 100% (30 June 2005: 100%). The investment smoothing reserve has increased from 1.2% of the market value of assets (or 1.25% of members' Fund Credits) at the previous valuation date to 4.6% of the market value of assets (or 5.5% of members' Fund Credits) at the current valuation date. The actuary certified that based on the 2011 valuation the Fund's assets are sufficient to cover the members' Fund Credits and Risk Benefits Reserve and to provide for an investment smoothing reserve of 5.5% of members' Fund Credits as at 30 June 2011. In addition, there is a substantial surplus of some R413 million. The Fund is therefore in a very sound financial position.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	972 825	1 176 531
SAMWU National Provident Fund	2 621 050	2 587 064
	3 593 875	3 763 595

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
5 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	49 703 536	50 542 498
Total Non-current Provisions	49 703 536	50 542 498

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow within one year is related to the McGregor and Montagu site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Bonnievale and Ashton

	2016 R	2015 R
<u>Landfill Sites</u>		
Balance 1 July	55 251 425	22 442 082
Contribution for the year	(2 902 990)	31 631 133
Expenditure incurred (Interest)	3 279 513	1 178 209
Total provision 30 June	55 627 947	55 251 425
Less: Transfer of Current Portion to Current Provisions - Note 8	(5 924 411)	(4 708 926)
Balance 30 June	49 703 536	50 542 498

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m ²)	17 190	28 890	35 752	44 685
Rehabilitation volume (m ³)	17 190	23 635	35 752	43 979
Fence (m)				
Total cost of rehabilitation	8 086 176	12 616 552	15 611 468	19 313 751
Decommission date	2015	2020	2015	2016

6 CONSUMER DEPOSITS

Municipal services	9 019 575	7 987 509
Total Consumer Deposits	9 019 575	7 987 509
Guarantees held in lieu of Electricity and Water Deposits	2 435 960	2 456 421

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

	2016	2015
Current Portion of Post Retirement Benefits - Note 4	1 655 100	1 636 044
Current Portion of Long-Service Provisions - Note 4	1 063 506	1 379 648
Staff Leave	6 463 222	4 738 668
Performance Bonuses	350 164	314 955
Bonuses	4 005 432	3 770 610
Total Current Employee Benefits	13 537 424	11 839 926

The movement in current employee benefits is reconciled as follows:

Staff Leave

Balance at beginning of year	4 738 667.81	6 400 341
Contribution to current portion	3 602 706	3 866 447
Expenditure incurred	(1 878 152)	(5 528 120)
Balance at end of year	6 463 222	4 738 668

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2016	2015
		R	R
<u>Performance Bonuses</u>			
Balance at beginning of year		314 955	314 808
Contribution / (Reversal) to current portion		350 006	314 955
Expenditure incurred		(314 797)	(314 808)
Balance at end of year		<u>350 164</u>	<u>314 955</u>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement

		2016	2015
		R	R
<u>Bonuses</u>			
Balance at beginning of year		3 770 610	3 483 033
Contribution to current portion		7 304 796	6 876 740
Expenditure incurred		(7 069 975)	(6 589 162)
Balance at end of year		<u>4 005 432</u>	<u>3 770 610</u>

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement

8	PROVISIONS	2016	2015
		R	R
Current Portion of Rehabilitation of Landfill-sites - Note 5		5 924 411	4 708 926
Total Provisions		<u>5 924 411</u>	<u>4 708 926</u>
9 PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade Payables		53 969 009	42 063 266
Payments received in advance		5 349 784	4 257 160
Retentions and Guarantees		3 116 077	3 211 485
Sundry Deposits		9 524 458	7 334 515
Sundry Creditors		74 156	27 563
Total Trade Payables		<u>72 033 485</u>	<u>56 893 989</u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and other general deposits.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016 R	2015 R
10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	9 582 308	9 857 121
	National Government Grants	5 538 711	6 825 480
	Provincial Government Grants	3 031 599	2 019 641
	District Municipality	1 011 999	1 011 999
	Less: Unpaid Grants	-	-
	Total Conditional Grants and Receipts	9 582 308	9 857 121

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2016 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2016/2017 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

		2016	2015
11	UNSPENT PUBLIC CONTRIBUTIONS		
11.1	Silwer Strand Home Owners Association	62 849	62 849
	Uitsig:Parmalat	-	-
	Robertson Arts and Crafts Project	621 481	621 481
	Total Unspent Public Contributions	684 330	684 330

Reconciliation of public contributions

Silwer Strand Home Owners Association

Opening balance	62 849	62 849
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	62 849	62 849

The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.

11.2 Uitsig:Parmalat

Opening balance	-	310 100
Contributions received	-	-
Conditions met - Transferred to revenue	-	(310 100)
Closing balance	-	-

Parmalat contributed 325 000 to the municipality to be spent in the Uitsig Area.

11.3 Robertson Arts and Crafts Project

Opening balance	621 481	621 481
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	621 481	621 481

The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12	TAXES	2016	2015
12.1	VAT PAYABLE		
	VAT Payable	1 032 232	2 127 912
	VAT output in suspense	7 455 793	6 567 227
	Less: VAT portion of receivables	(4 115 875)	(3 741 080)
	Total Vat payable	4 372 151	4 954 059
12.2	VAT RECEIVABLE		
	VAT input in suspense	5 003 536	4 760 416
	Total VAT receivable	5 003 536	4 760 416
12.3	NET VAT RECEIVABLE/(PAYABLE)	631 385	(193 643)

VAT is receivable/payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2016

Reconciliation of Carrying Value	Opening Original Cost R	Opening Balance Residual Values R	Adjustments Original Cost R	Residual Values R	Restated Opening Balance Original Cost R	Restated Opening Residual Value R	Cost						Disposals / Transfer Original Cost R	Disposals / Transfer Residual Values R	Adjustments R	Closing Balance Cost R	Accumulated Depreciation Opening Balance R	Accumulated Impairments Opening Balance R	Accumulated Depreciation and Impairment Losses						Accumulated Depreciation Closing Balance R	Accumulated Impairments Closing Balance R	Carrying Value R				
							Additions Original Cost R	Additions Residual Values R	Disposals / Transfer Original Cost R	Disposals / Transfer Residual Values R	Adjustments R	Closing Balance Cost R	Accumulated Depreciation Opening Balance R	Accumulated Impairments Opening Balance R	Adjustments R	Depreciation R	Disposals / Transfer Original Cost R	Impairments R	Adjustments R	Accumulated Depreciation Opening Balance R	Accumulated Impairments Opening Balance R	Adjustments R	Depreciation R	Disposals / Transfer Original Cost R	Impairments R	Adjustments R	Accumulated Depreciation Opening Balance R	Accumulated Impairments Opening Balance R	Accumulated Depreciation Closing Balance R	Accumulated Impairments Closing Balance R	Carrying Value R
	Land and Buildings	95 678 246	-	-	95 678 246	-	1 416 169	-	-104 151	-	-	96 990 263	8 966 316	203 340	-	887 133	(31 517)	-	-	9 821 932	203 340	86 964 991									
Land Buildings	58 392 934	-	-	-	58 392 934	-	-	-	-51 780	-	-	58 341 154	-199 999	200 000	-	-	-	-	-	-	-	-	-	-	-	200 000	58 341 153				
Land Buildings	37 285 312	-	-	-	37 285 312	-	1 416 169	-	-52 371	-	-	38 649 110	9 166 315	3 340	-	887 133	(31 517)	-	-	-	-	-	-	-	-	-	-	-	10 021 931	3 340	28 623 838
Infrastructure	463 449 913	-	69 161	-	463 519 074	-	57 962 183	-	-	-	(69 161)	521 412 096	113 628 968	-	-	-	12 357 030	-	508 397	-	125 985 998	508 397	394 917 701								
Electricity Housing Roads	121 992 607	-	-	-	121 992 607	-	4 844 999	-	-	-	-	126 837 606	34 297 452	-	-	3 095 571	-	-	-	37 393 022	-	89 444 583									
Electricity Housing Roads	6 867 851	-	-	-	6 867 851	-	-	-	-	-	-	6 887 561	1 058 406	-	-	64 076	-	508 397	-	1 123 502	508 397	5 238 052									
Sewerage	115 257 898	-	-	-	115 257 898	-	22 364 669	-	-	-	-	137 622 557	36 131 623	-	-	3 499 457	-	-	-	39 631 080	-	97 991 487									
Water Management	56 194 331	-	-	-	56 194 331	-	-	-	-	-	-	65 120 055	14 559 232	-	-	1 690 068	-	-	-	16 240 300	-	48 870 756									
Water	19 992 800	-	-	-	19 992 800	-	-	-	-	-	-	19 992 800	4 339 008	-	-	567 213	-	-	-	4 906 220	-	15 086 580									
Work in Progress	130 618 171	-	-	-	130 618 171	-	5 109 615	-	-	-	-	135 727 786	23 243 227	-	-	3 440 646	-	-	-	26 683 874	-	109 043 913									
Work in Progress	12 526 254	-	69 161	-	12 595 415	-	16 717 176	-	-	(69 161)	-	29 243 431	-	-	-	-	-	-	-	-	-	-	-	-	-	29 243 431					
Community Assets	75 284 116	-	-	-	75 284 116	-	1 814 550	-	-205 000	-	-	76 893 666	18 459 304	-	-	1 912 278	-	-	-	20 371 583	-	56 522 083									
Airfield	378 308	-	-	-	378 308	-	-	-	-	-	-	378 308	45 710	-	-	9 186	-	-	-	54 896	-	323 411									
Cemeteries	2 556 489	-	-	-	2 556 489	-	-	-	-	-	-	2 556 489	1 031 172	-	-	101 622	-	-	-	132 794	-	1 423 696									
Clinics	5 392 337	-	-	-	5 392 337	-	-	-	-	-	-	5 392 337	1 034 429	-	-	87 851	-	-	-	1 122 280	-	4 270 057									
Community halls	12 374 949	-	-	-	12 374 949	-	296 123	-	-	-	-	12 671 071	2 277 994	-	-	165 184	-	-	-	2 443 178	-	10 227 893									
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	299 159	-	-	34 165	-	-	-	333 324	-	427 821									
Libraries	7 478 087	-	-	-	7 478 087	-	27 000	-	-	-	-	7 505 087	2 608 178	-	-	244 072	-	-	-	2 852 249	-	4 652 837									
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	114 524	-	-	9 215	-	-	-	123 739	-	492 501									
Other	10 575 770	-	-	-	10 575 770	-	-	-	-	-	-	10 575 770	1 421 346	-	-	368 270	-	-	-	1 780 615	-	8 786 155									
Parks & Gardens	11 975 977	-	-	-	11 975 977	-	100 000	-	-	-	-	12 075 977	1 735 194	-	-	129 854	-	-	-	1 865 048	-	10 210 928									
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 340 721	-	-	66 748	-	-	-	1 407 469	-	685 842									
Sport fields & stadia	17 307 249	-	-	-	17 307 249	-	35 088	-	-205 000	-	-	17 137 336	4 967 179	-	-	566 692	-	-	-	5 533 871	-	11 603 465									
Swimming pools	3 757 573	-	-	-	3 757 573	-	16 850	-	-	-	-	3 774 423	1 583 700	-	-	129 419	-	-	-	1 713 119	-	2 061 304									
Work in Progress	116 683	-	-	-	116 683	-	1 339 490	-	-	-	-	1 456 172	-	-	-	-	-	-	-	-	-	1 456 172									
Leased Assets	2 624 369	-	-	-	2 624 369	-	1 841 847	-	-2 273 027	-	-	2 193 190	1 237 337	-	-	723 605	(1 603 306)	-	-	357 636	-	1 835 554									
Office Equipment (Lease)	2 624 369	-	-	-	2 624 369	-	1 841 847	-	-2 273 027	-	-	2 193 190	1 237 337	-	-	723 605	(1 603 306)	-	-	357 636	-	1 835 554									
Other Assets	63 457 587	8 878 769	(160 000)	-	63 297 587	8 878 769	10 123 259	1 237 333	-2 050 029	-268 770	160 000	81 378 148	31 152 693	1 413	112 158	4 835 330	(1 394 924)	-	-	34 705 257	1 413	46 671 478									
Computer hardware/equipment	12 476 664	1	-	-	12 476 664	1	2 015 359	-	(102 911)	-	-	14 389 113	5 305 999	1 413	-	1 093 782	(77 999)	-	-	6 321 783	1 413	8 065 916									
Furniture & office equipment	7 399 050	87	-	-	7 399 050	87	1 387 913	-	(473 145)	-	-	8 313 905	3 634 155	-	-	988 445	(469 841)	-	-	4 152 759	-	4 161 145									
General Vehicles	19 589 485	6 492 684	(160 000)	-	19 429 485	6 492 684	3 371 195	1 235 833	(1 125 736)	(268 769)	160 000	29 294 691	10 428 501	-	112 158	1 160 852	(622 360)	-	-	11 079 151	-	18 215 540									
Other	291 051	207 941	-	-	291 051	207 941	2 132 989	-	(47 225)	-	-	2 584 756	141 511	-	-	179 483	(39 215)	-	-	281 779	-	2 302 977									
Other Buildings	1 132 606	-	-	-	1 132 606	-	197 927	-	-	-	-	1 330 533	548 228	-	-	33 737	-	-	-	581 965	-	748 568									
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	-	4 879 018	2 165 196	-	-	196 624	-	-	-	2 361 820	-	2 517 199									
Plant & Equipment	18 644 432	1 223 336	-	-	18 644 432	1 223 336	1 017 876	1 500	(301 011)	(1)	-	20 586 131	8 929 103	-	-	1 182 406	(185 509)	-	-	9 925 999	-	10 660 132									
	700 494 231	8 878 769	(90 839)	-	700 403 391	8 878 769	73 158 008	1 237 333	(4 632 207)	(268 770)	90 839	778 867 363	173 444 618	204 753	112 158	20 715 376	(3 029 747)	508 397	-	191 242 405.48	713 150	586 911 807									

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2015

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses											
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance	Carrying Value		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	91 814 056	-	-	-	91 814 056	-	4 171 189	-	-102 000	-	-	95 883 245	8 333 818	203 340	-	832 497	-	-	(270 311)	8 896 004	203 340	86 783 901		
Land Buildings	56 119 933	-	-	-	56 119 933	-	680 000	-	-102 000	-	1 900 000	58 597 933	200 000	-	-	-	-	-	-	200 000	58 397 933			
	35 694 123	-	-	-	35 694 123	-	3 491 189	-	-	-	(1 900 000)	37 285 312	8 333 818	3 340	-	832 497	-	-	(270 311)	8 896 004	3 340	28 385 968		
Infrastructure	425 363 956	-	-	-	425 363 956	-	38 238 813	-	-7 969	-	(75 726)	463 519 074	102 391 952	-	-	11 243 003	(5 987)	-	96 785	113 725 753	-	349 793 321		
Electricity Housing Roads Sewerage Waste Management Water Work in Progress	108 600 538	-	-	-	108 600 538	-	13 211 727	-	-	-	180 342	121 992 607	31 492 994	-	-	2 804 458	-	-	900	34 298 352	-	87 694 255		
	6 867 851	-	-	-	6 867 851	-	-	-	-	-	6 867 851	986 792	-	-	-	71 634	-	-	-	1 058 426	-	5 809 424		
	114 146 918	-	-	-	114 146 918	-	1 005 605	-	-	-	75 886	115 228 408	32 650 171	-	-	3 481 453	-	-	95 885	36 227 508	-	79 000 900		
	56 035 342	-	-	-	56 035 342	-	165 116	-	-6 127	-	-	56 194 331	12 876 845	-	-	1 686 844	(4 457)	-	-	14 559 232	-	41 635 100		
	19 994 642	-	-	-	19 994 642	-	-	-	-1 842	-	-	19 992 800	3 774 630	-	-	565 907	(1 529)	-	-	4 339 008	-	15 653 792		
	100 457 951	-	-	-	100 457 951	-	30 160 220	-	-	-	-	130 618 171	20 610 520	-	-	2 632 707	-	-	-	23 243 227	-	107 374 943		
	19 260 714	-	-	-	19 260 714	-	-6 303 855	-	-	-	(331 954)	12 624 905	-	-	-	-	-	-	-	-	-	12 624 905		
Community Assets	73 793 199	-	-	-	73 793 199	-	1 492 175	-	-	-	(206 258)	75 079 116	16 602 888	-	-	1 856 417	-	-	(232 833)	18 226 471	-	56 852 644		
Airfield Cemeteries Clinics Community halls Fire, safety & emergency Libraries Museums & Art Galleries Other Parks & Gardens Recreation facilities Sport fields & stadia Swimming pools Work in Progress	378 308	-	-	-	378 308	-	-	-	-	-	378 308	36 549	-	-	9 161	-	-	-	45 710	-	332 598			
	2 561 747	-	-	-	2 561 747	-	-	-	-	-	(5 258)	2 556 489	929 810	-	-	101 262	-	-	(342)	1 030 830	-	1 525 659		
	5 593 337	-	-	-	5 593 337	-	-	-	-	-	(20 000)	5 392 337	944 815	-	-	89 614	-	-	(32 492)	1 001 936	-	4 390 400		
	12 374 949	-	-	-	12 374 949	-	-	-	-	-	12 374 949	2 117 122	-	-	160 671	-	-	-	2 277 994	-	10 096 955			
	761 145	-	-	-	761 145	-	-	-	-	-	761 145	265 087	-	-	34 072	-	-	-	299 159	-	46 986			
	6 795 184	-	-	-	6 795 184	-	682 902	-	-	-	7 478 087	2 388 724	-	-	219 454	-	-	-	2 608 178	-	4 869 909			
	6 16 241	-	-	-	6 16 241	-	-	-	-	-	6 16 241	105 334	-	-	9 190	-	-	-	114 524	-	501 717			
	10 471 045	-	-	-	10 471 045	-	104 724	-	-	-	10 575 770	1 056 914	-	-	364 432	-	-	-	1 421 346	-	9 154 424			
	11 951 777	-	-	-	11 951 777	-	24 200	-	-	-	11 975 977	1 607 487	-	-	12 770 8	-	-	-	1 735 194	-	10 240 782			
	1 993 311	-	-	-	1 993 311	-	-	-	-	-	1 993 311	1 274 155	-	-	66 566	-	-	-	1 340 721	-	652 590			
	16 401 093	-	184 556	-	16 585 649	-	63 482	-	-	-	16 649 131	4 428 526	-	-	538 653	-	(199 999)	4 767 180	-	11 881 951				
	3 568 824	-	-	-	3 568 824	-	188 748	-	-	-	3 757 573	1 448 266	-	-	135 434	-	-	-	1 583 700	-	2 173 873			
	326 239	-	(184 556)	-	141 683	-	428 118	-	-	-	569 800	-	-	-	-	-	-	-	-	-	569 800			
Leased Assets	2 495 699	-	-	-	2 495 699	-	128 670	-	-	-	-	2 624 369	687 526	-	-	549 811	-	-	-	1 237 337	-	1 387 032		
Office Equipment (Lease)	2 495 699	-	-	-	2 495 699	-	128 670	-	-	-	-	2 624 369	687 526	-	-	549 811	-	-	-	1 237 337	-	1 387 032		
Other Assets	56 214 064	8 288 764	-	-	56 214 064	8 288 764	9 549 708	701 906	-2 422 594	-113 901	(41 591)	72 176 355	29 029 310	-	-	4 658 604	(2 284 141)	1 413	(44 721)	31 359 052	1 413	40 815 890		
Computer hardware/equipment Furniture & office equipment General Vehicles Other Other Buildings Specialised Vehicles Plant & Equipment	10 186 077	1	-	-	10 186 077	1	3 380 917	-	(981 124)	-	(109 207)	12 476 665	4 974 480	-	-	1 239 640	(908 120)	1 413	(79 573)	5 226 427	1 413	7 248 825		
	6 917 066	87	-	-	6 917 066	87	1 027 486	-	(550 759)	-	5 258	7 399 137	3 170 881	-	-	1 000 360	(537 086)	342	3 634 497	-	-	3 764 641		
	17 631 877	5 935 855	-	-	17 631 877	5 935 855	2 263 992	647 569	(496 384)	(92 741)	32 000	25 922 169	9 952 295	-	-	947 877	(471 671)	-	25 614	10 454 115	-	15 468 054		
	342 806	207 941	-	-	342 806	207 941	-	-	(51 754)	-	-	498 992	172 939	-	-	20 316	(51 744)	-	-	141 511	-	357 481		
	1 139 382	-	-	-	1 139 382	-	-	-	(6 776)	-	-	1 132 606	507 354	-	-	45 888	(5 024)	-	-	548 228	-	584 378		
	4 085 150	975 880	-	-	4 085 150	975 880	-	-	(160 853)	(21 160)	-	4 879 018	2 106 531	-	-	198 224	(139 560)	-	-	2 165 196	-	2 713 823		
	15 911 705	1 168 999	-	-	15 911 705	1 168 999	2 877 312	54 336	(174 944)	-	30 358	19 867 768	8 144 830	-	-	1 206 288	(170 935)	8 895	9 169 078	-	10 678 690			
	649 680 973	8 288 764	-	-	649 680 973	8 288 764	53 580 555	701 906	(2 532 562)	(113 901)	(323 575)	709 282 159	157 045 494	203 340	-	19 140 331	(2 290 127)	1 413	(451 081)	173 444 617	204 753	535 632 789		

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PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

CHANGE IN ESTIMATE

Effect of changes in accounting estimates

During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect of current as well as future periods are as follows:

	2016	2017	2018
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation Increase/(Decrease) in Accumulated Depreciation:PPE	1 566 924 (1 566 924)	1 566 924 (1 566 924)	1 566 924 (1 566 924)
No impairments were identified during the reporting period			

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INVESTMENT PROPERTY

	2016	2015
	R	R
Net Carrying amount at 1 July	27 290 366	27 339 948
Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 734 539)	(1 684 958)
Depreciation for the year	(49 717)	(49 581)
Net Carrying amount at 30 June	27 240 649	27 290 366
Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 784 256)	(1 734 539)
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
Revenue derived from the rental of investment property	1 183 185	1 015 185
Operating expenditure incurred on properties	4 432 161	4 182 279

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INTANGIBLE ASSETS

	2016	2015
	R	R
Computer Software and Servitudes		
Net Carrying amount at 1 July	470 433	545 165
Cost	2 982 607	2 929 607
Accumulated Amortisation	(2 512 174)	(2 384 442)
Acquisitions	-	53 000
Amortisation	(128 061)	(127 732)
Net Carrying amount at 30 June	342 371	470 433
Cost	2 982 607	2 982 607
Accumulated Amortisation	(2 640 235)	(2 512 174)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Carrying Value</u>	
	2016	2015
	R	R
Microsoft Office	289 371	417 433
Servitude Bonnievale	53 000	53 000
Total	342 371	470 433

No intangible asset was assessed having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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HERITAGE ASSETS

	R	R
Net Carrying amount at 1 July	649 000	649 000
Impairments	(389 000)	(389 000)
Net Carrying amount at 30 June	260 000	260 000
Cost	649 000	649 000
Accumulated Impairment	(389 000)	(389 000)

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

No third party payments received for losses and impairments incurred on the museum as at 30 June 2016:

Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impaired	-	-
Surplus/Deficit	-	-

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CAPITALISED RESTORATION COST

	2016 R	2015 R
Net Carrying amount at 1 July	19 707 516	2 490 747
Cost	51 765 576	20 131 830
Accumulated Depreciation	(18 665 629)	(17 641 082)
Accumulated Impairments	(13 392 431)	-
Acquisitions / Additions	-	31 633 746
Disposals	(2 902 990)	-
Depreciation for the year	(10 091 628)	(1 024 547)
Impairment for the year	-	(13 392 431)
Reversal of impairment	1 244 505	-
Net Carrying amount at 30 June	7 957 403	19 707 516
Cost	48 862 586	51 765 576
Accumulated Depreciation	(28 757 257)	(18 665 629)
Accumulated Impairments	(12 147 925)	(13 392 431)

The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.

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NON-CURRENT INVESTMENTS

Listed Investments	113 910	115 524
Unlisted Investments	6 993	5 654
Total Non-Current Investments	120 903	121 178

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

The listed shares represent 270 Sanlam Shares and 10275 Capevin Shares and Unlisted Shares represent 1028 KWV Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	60.36	66.34
The market value per share at year end: KWV Shares	12.00	5.50
The market value per share at year end: Capevin Shares	8.98	9.50

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LONG-TERM RECEIVABLES

	2016 R	2015 R
Provincial Government Housing Loans - At amortised cost	383 545	572 545
Staff Study loans - At amortised cost	155 342	46 318
Services connections - At amortised cost	730 146	879 377
Land Sales - At amortised cost	1 880 664	402 726
Short-term Installments	141 361	120 239
Agreements with Consumer Debtors	15 750 842	14 613 545
Less: Current portion transferred to current receivables	19 041 900	16 634 750
	(529 249)	(614 506)
Less: Provision for Impairment	18 512 652	16 020 244
	(15 750 841)	(14 613 545)
Total Long Term Receivables	2 761 810	1 406 699

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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LONG-TERM RECEIVABLES (CONTINUE)

HOUSING LOANS

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.

SERVICES CONNECTIONS

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

LAND SALES

The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

AGREEMENTS WITH CONSUMER DEBTORS

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

	2016 R	2015 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	14 613 545	15 081 485
Contribution to provision/(Reversal of provision)	1 137 297	(467 940)
Bad Debts Written Off	-	-
Balance at end of year	15 750 841	14 613 545

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INVENTORY

Maintenance Materials - At cost	11 187 275	10 837 074
Compost – at cost	13 944	22 021
Water – at cost	127 933	108 786
Low Cost Housing	9 160 617	9 160 617
Total Inventory	20 489 769	20 128 498

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to damages as identified during the annual stores counts.

5 819	333 410
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Consumable stores materials surpluses identified during the annual stores counts.

(1 495)	(1 269)
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Inventory recognised as an expense during the year

8 514 221	20 057 663
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Write down of inventory to the lower of Cost or Net Realisable Value

72 013	49 842
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2016	2015
		R	R
Electricity		19 864 050	18 255 224
Water		7 050 376	7 116 460
Refuse		4 281 984	3 678 934
Sewerage		5 610 725	4 763 691
Housing Rentals		780 666	1 893 770
Other Receivables		3 132 667	1 816 860
Prepaid Expenses		74 556	94 755
Other		18 465 006	17 211 109
Total Receivables from Exchange Transactions		59 260 028	54 830 805
Less:	Provision for Impairment	(17 430 155)	(16 902 414)
Total Net Receivables from Exchange Transactions		41 829 874	37 928 391

Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	17 893 262	15 781 360
31 - 60 Days	174 375	384 080
61 - 90 Days	77 374	144 891
+ 90 Days	1 719 039	1 944 894
Total	19 864 050	18 255 224

(Water): Ageing

Current (0 - 30 days)	3 192 272	3 347 134
31 - 60 Days	503 444	1 132 896
61 - 90 Days	378 651	463 488
+ 90 Days	2 976 008	2 172 942
Total	7 050 376	7 116 460

(Refuse): Ageing

Current (0 - 30 days)	1 344 533	1 216 777
31 - 60 Days	270 701	713 632
61 - 90 Days	202 777	177 196
+ 90 Days	2 463 973	1 571 329
Total	4 281 984	3 678 934

(Sewerage): Ageing

Current (0 - 30 days)	1 739 651	1 497 274
31 - 60 Days	348 904	970 446
61 - 90 Days	263 237	232 438
+ 90 Days	3 258 932	2 063 534
Total	5 610 725	4 763 691

(Other): Ageing

Current (0 - 30 days)	19 955 956	17 644 269
31 - 60 Days	52 039	136 616
61 - 90 Days	48 424	63 389
+ 90 Days	2 321 919	3 077 465
Total	22 378 338	20 921 740

(Total): Ageing

Current (0 - 30 days)	44 125 674	39 486 814
31 - 60 Days	1 349 463	3 337 670
61 - 90 Days	970 463	1 081 402
+ 90 Days	12 739 872	10 830 164
Total	59 185 472	54 736 049

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

21	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2016	2015
Reconciliation of Provision for Bad Debts			
Balance at beginning of year		16 902 414	14 659 280
Contribution to provision/(Reversal of provision)		13 176 101	4 730 381
Bad Debts Written Off		(12 648 360)	(2 487 247)
Balance at end of year		17 430 155	16 902 414

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity	3 411 288	3 378 144
Water	4 373 428	4 225 998
Refuse	3 040 012	2 551 411
Sewerage	4 029 090	3 398 040
Other	2 576 336	3 348 822
	17 430 155	16 902 414

2016	Gross balance	Allowance for doubtful debt	Net balance
Electricity	19 864 050	(3 411 288)	16 452 762
Water	7 050 376	(4 373 428)	2 676 947
Refuse	4 281 984	(3 040 012)	1 241 971
Sewerage	5 610 725	(4 029 090)	1 581 635
Other	22 452 894	(2 576 336)	19 876 558
Balance at end of year	59 260 028	(17 430 155)	41 829 874

2015	Gross balance	Allowance for doubtful debt	Net balance
Electricity	18 255 224	(3 378 144)	14 877 080
Water	7 116 460	(4 225 998)	2 890 462
Refuse	3 678 934	(2 551 411)	1 127 524
Sewerage	4 763 691	(3 398 040)	1 365 652
Other	21 016 495	(3 348 822)	17 667 673
Balance at end of year	54 830 805	(16 902 414)	37 928 391

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2016 R	2015 R
Rates		9 029 783	7 932 678
Fines		15 458 050	15 467 100
Other Receivables		5 640 628	4 673 538
Accrued Interest		470 745	117 530
Availability charges		4 874 899	4 326 948
Other		294 984	229 060
Total Receivables from Non-Exchange Transactions		30 128 462	28 073 316
Less:	Provision for Impairment	(24 730 685)	(23 219 277)
Total Net Receivables from Non-Exchange Transactions		5 397 777	4 854 039

Trade Receivables with a total outstanding balance of R 15 750 842 (2015 - R 14 613 545) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing			
Current (0 - 30 days)		2 069 494	2 065 637
31 - 60 Days		227 706	258 644
61 - 90 Days		169 063	141 541
+ 90 Days		6 563 521	5 466 856
Total		9 029 783	7 932 678

Reconciliation of Provision for Bad Debts

Balance at beginning of year	23 219 277	14 920 227
Contribution to provision/(Reversal of provision)	17 751 452	17 569 031
Bad Debts Written Off	(16 240 044)	(9 269 981)
Balance at end of year	24 730 685	23 219 277

2016	Gross balance	Allowance for doubtful debt	Net balance
Rates	9 029 783	(6 851 622)	2 178 161
Fines	15 458 050	(13 233 983)	2 224 067
Other Receivables	5 640 628	(4 645 080)	995 548
Balance at end of year	30 128 462	(24 730 685)	5 397 777

2015	Gross balance	Allowance for doubtful debt	Net balance
Rates	7 932 678	(5 846 287)	2 086 391
Fines	15 467 100	(13 298 583)	2 168 517
Other Receivables	4 673 538	(4 074 406)	599 132
Balance at end of year	28 073 316	(23 219 277)	4 854 039

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
23 OPERATING LEASE ARRANGEMENTS		
The Municipality as Lessor (Asset)		
Balance on 1 July	76 262	124 287
Movement during the year	12 679	(48 024)
Balance on 30 June	88 941	76 262
Balance previously reported (Note 24)		
Correction of Error: Lease Contracts not included in Lease Register 2014/2015 - Refer to note 38.2	83 233	7 671
Correction of Error: Lease Contracts not included in Lease Register 2013/2014 - Refer to note 38.2	(14 641)	
Restated balance	76 262	

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	974 873	527 339
1 to 5 Years	1 683 452	438 484
More than 5 Years	244 875	72 865
Total Operating Lease Arrangements	2 903 200	1 038 688

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

	2016	2015
24 CASH AND CASH EQUIVALENTS		
Assets		
Call Investments Deposits	90 015 287	24 868 724
Bank Accounts	13 585 681	57 756 592
Cash Floats	9 110	8 210
Total Cash and Cash Equivalents - Assets	103 610 078	82 633 526
Liabilities		
Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	-	-

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

	2016	2015
Current Accounts		
Primary Bank account	13 583 381	57 754 292
Traffic bank account	2 300	2 300
13 585 681	57 756 592	

Traffic account is cleared daily to Primary Bank Account.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

24

CASH AND CASH EQUIVALENTS (CONTINUE)

Primary Bank account	Montagu ABSA - Account Number 1050 000 008		
Cash book balance at beginning of year		57 754 292	11 187 105
Cash book balance at end of year		13 583 381	<u>57 754 292</u>
		<u>57 512 148</u>	<u>11 574 320</u>
Bank statement balance at beginning of year		12 523 860	<u>57 512 148</u>
Bank statement balance at end of year			
Traffic bank account	Montagu ABSA - Account Number 406 272 8351		
Cash book balance at beginning of year		2 300	2 300
Cash book balance at end of year		2 300	<u>2 300</u>
		<u>5 400</u>	<u>7 200</u>
Bank statement balance at beginning of year		500	<u>5 400</u>
Bank statement balance at end of year			
Call Investment Deposits			
Call investment deposits consist of the following accounts:			
Nedbank	Account Number 03/7881034971/000031	35 000 000	-
Standard Bank	Account Number 28 847 690 5 - 002	30 000 000	-
ABSA	Account Number 92 99946707	25 015 287	24 868 724
		<u>90 015 287</u>	<u>24 868 724</u>

25

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

Less: Rebates

Total Assessment Rates

2016

2015

50 297 609

43 229 736

50 297 609

43 229 736

(10 343 148)

(8 710 163)

39 954 462

34 519 573

Valuations

Rateable Land and Buildings

Residential

5 553 320 799

4 667 149 348

Agricultural

6 047 662 296

4 769 914 447

Government

290 025 700

242 047 715

Business & Commercial

1 457 416 946

1 208 057 240

Municipal

419 838 778

316 956 174

Exempt Properties

341 000 950

308 707 424

Total Assessment Rates

14 109 265 469

11 512 832 348

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014.

Rates:

Residential

0.0049c/R

0.0050c/R

Commercial, Industrial & Government

0.0071c/R

0.0073c/R

Public Benefit Organisations

0.0009c/R

0.0011c/R

Agricultural

0.0009c/R

0.0011c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

26

GOVERNMENT GRANTS AND SUBSIDIES

	2016 R	2015 R
Unconditional Grants		
Equitable Share	57 378 000	55 756 000
Conditional Grants		
Grants and donations	57 378 000	55 756 000
Subsidies	64 787 869	49 822 385
Total Government Grants and Subsidies	122 165 869	105 578 385
Government Grants and Subsidies - Capital	46 347 944	22 718 920
Government Grants and Subsidies - Operating	75 817 925	82 859 465
	122 165 869	105 578 385

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	57 378 000	55 756 000
Executive & Council	361 667	380 646
Budget & Treasury	1 783 523	1 749 182
Corporate Services	940 000	934 000
Planning & Development	1 541 619	1 451 407
Health	-	-
Community & Social Services	8 196 777	7 752 536
Housing	27 539 887	14 681 675
Public Safety	-	-
Sport & Recreation	-	663 952
Environmental Protection	-	-
Waste Management	2 914 970	-
Waste Water Management	18 453 030	3 412 781
Road Transport	848 402	246 429
Water	-	17 666 677
Electricity	2 207 993	883 101
	122 165 869	105 578 385

The municipality does not expect any significant changes to the level of grants.

	2016	2015
26.1 Equitable share		
Opening balance	-	-
Grants received	57 378 000	55 756 000
Conditions met - Operating	(57 378 000)	(55 756 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

26.2 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 450 000	1 450 000
Conditions met - Operating	(1 450 000)	(1 175 298)
Conditions met - Capital	-	(274 702)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

26	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2016 R	2015 R
26.3	Municipal Systems Improvement Grant		
	Opening balance	-	-
	Grants received	940 000	934 000
	Conditions met - Operating	(115 439)	(114 700)
	Conditions met - Capital	(824 561)	(819 300)
	Conditions still to be met	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
26.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	2 755	-
	Grants received	21 368 000	20 686 000
	Transfer	(2 755)	-
	Conditions met - Operating	(2 624 140)	(2 540 048)
	Conditions met - Capital	(18 743 860)	(18 143 197)
	Conditions to be met	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	The grant was used to upgrade infrastructure in previously disadvantaged areas.	2 755	-
26.5	Housing Grants		
	Opening balance	1 597 415	1 464 237
	Grants received	27 655 483	14 814 853
	Transfer	(133 338)	-
	Conditions met - Operating	(5 083 971)	(14 681 675)
	Conditions met - Capital	(22 455 916)	-
	Conditions to be met	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		1 579 673	1 597 415
26.6	Integrated National Electrification Grant		
	Opening balance	541 119	(249 920)
	Grants received	2 000 000	2 200 000
	Transfer	(300 000)	(525 859)
	Conditions met - Operating	(410 669)	(288 732)
	Conditions met - Capital	(1 797 324)	(594 369)
	Conditions to be met	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		33 126	541 119
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
26.7	Other Grants		
	Opening balance	7 715 828	1 819 559
	Grants received	11 535 667	17 086 633
	Transfer	1.00	-
	Conditions met - Operating	(8 755 705)	(8 303 013)
	Conditions met - Capital	(2 526 283)	(2 887 351)
	Conditions to be met	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		7 969 507	7 715 828
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
26.8	Total Grants		
	Opening balance	9 857 121	3 033 878
	Grants received	122 327 150	112 927 487
	Transfer	(436 094)	(525 859)
	Conditions met - Operating	(75 817 925)	(82 859 465)
	Conditions met - Capital	(46 347 944)	(22 718 920)
	Conditions to be met	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		9 582 308	9 857 121
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	9 582 308	9 857 121
	Unpaid Conditional Government Grants and Receipts	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		9 582 308	9 857 121

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
27 SERVICE CHARGES		
Electricity	304 483 012	279 051 196
Water	37 742 238	35 038 792
Refuse removal	20 122 041	18 248 511
Sewerage and Sanitation Charges	26 245 536	23 256 366
	<hr/>	<hr/>
Less: Rebates	388 592 827	355 594 865
	<hr/>	<hr/>
Total Service Charges	<u>373 675 200</u>	<u>334 215 461</u>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

28 OTHER INCOME

Availability fees	2 285 128	2 187 336
Building plans	748 109	650 936
Bulk service levies	1 638 404	695 577
Cemeteries	464 806	351 778
Commission	199 729	196 016
Connection fees	1 569 472	1 696 111
Fire brigade fees	81 085	45 610
Insurance claims	3 658 698	1 583 292
Photo copies	88 518	59 493
Planning application fees	498 940	444 970
Re-connection fees	101 299	162 836
Valuation certificates	150 561	114 293
Contributed assets	72 330	1 804 000
Sundry income	<hr/>	<hr/>
Total Other Income	<u>6 953 781</u>	<u>8 487 696</u>
	<hr/>	<hr/>
	<u>18 510 857</u>	<u>18 479 944</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29	EMPLOYEE RELATED COSTS	2016 R	2015 R
	Salaries and Wages	92 719 811	87 639 871
	Bonus	7 590 089	7 134 006
	Contributions for UIF, pensions and medical aids	21 253 078	20 164 824
	Group Life Insurance	293 566	329 418
	Housing Subsidy	1 635 580	473 213
	Leave Reserve Fund	3 602 706	3 866 447
	Long service awards	808 271	706 504
	Overtime	5 643 572	5 682 531
	Post Employment Health	2 461 107	2 542 884
	Travel, motor car, telephone, assistance and other allowances	10 018 754	10 013 856
		<hr/>	<hr/>
	Less: Employee Costs allocated elsewhere	<hr/>	138 553 555
	Total Employee Related Costs	<hr/>	146 026 534 <hr/> 138 553 555 <hr/>

KEY MANAGEMENT PERSONNEL

The Municipal Manager and 1 director are appointed on a 5-year fixed term contract, the other 4 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager: Mr S A Mokweni

Annual Remuneration	1 269 663	1 180 613
Performance Bonuses	75 056	70 284
Car Allowance	108 000	108 000
Contributions to Medical and Pension Funds	228 539	212 511
Total	<hr/>	1 681 259 <hr/> 1 571 408 <hr/>

Remuneration of the Director Infrastructure Development : Mr J de K Jooste

Annual Remuneration	-	-
Performance Bonuses	-	20 027
Total	<hr/>	20 027 <hr/>

The payment was made in respect of an outstanding performance bonus for 2013/2014, Mr De K Jooste left the service of council in May 2013.

Remuneration of the Director Corporate Services: Mr A W J Everson

Annual Remuneration	1 024 561	950 687
Performance Bonuses	62 266	58 307
Payment in lieu of leave	235 747	-
Car Allowance	123 500	123 500
Contributions to Medical and Pension Funds	184 421	171 124
Total	<hr/>	1 630 495 <hr/> 1 303 617 <hr/>

Remuneration of the Director Financial Services: Mr C F Hoffmann (1 July 2015 to 31 January 2016)

Annual Remuneration	643 551	996 902
Performance Bonuses	62 266	58 307
Payment in lieu of leave	5 125	-
Car Allowance	-	25 946
Contributions to Medical and Pension Funds	133 730	222 462
Total	<hr/>	844 672 <hr/> 1 303 617 <hr/>

Remuneration of the Director Financial Services: Mr B Brown (1 April 2016 to 30 June 2016)

Annual Remuneration	245 921	-
Performance Bonuses	-	-
Acting Allowance (Acting Director Financial Services from 1 February 2016 to 31 March 2016)	62 900	-
Car Allowance	18 000	-
Contributions to Medical and Pension Funds	44 266	-
Total	<hr/>	371 087 <hr/> - <hr/>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)	2016	2015
<i>Remuneration of the Director Community Services: Mrs EC Liebenberg (01 February 2016 to 30 June 2016)</i>		
Annual Remuneration	401 053	-
Performance Bonuses	-	-
Car Allowance	30 000	-
Other Allowances	5 290	-
Contributions to Medical and Pension Funds	82 591	-
Total	518 934	-
<i>Remuneration of the Director Strategy and Social Development: Mrs C O Matthys</i>		
Annual Remuneration	968 428	891 510
Performance Bonuses	57 605	53 942
Car Allowance	90 000	91 686
Contributions to Medical and Pension Funds	174 317	170 588
Total	1 290 350	1 207 726
<i>Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen</i>		
Annual Remuneration	1 010 041	941 696
Performance Bonuses	57 605	53 942
Car Allowance	6 977	11 542
Contributions to Medical and Pension Funds	215 727	200 546
Total	1 290 350	1 207 726
30 REMUNERATION OF COUNCILLORS		
	2016	2015
	R	R
Mayor	805 162	763 273
Deputy Mayor	528 617	601 857
Speaker	632 157	601 223
Mayoral Committee Members (4 councillors)	2 375 020	2 260 298
Councillors (16 councillors)	4 399 218	4 104 801
Total Councillors' Remuneration	8 740 174	8 331 452
<i>In-kind Benefits</i>		
The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.		
<i>Remuneration of the Mayor: D Gagaiano</i>		
Allowance	528 941	495 873
Transport Allowance	125 927	125 927
Cell Phone Allowance	20 868	20 868
Pension Fund	103 144	96 695
Mobile Data Card	3 600	3 600
Other Allowances	22 682	20 310
Total	805 162	763 273
<i>Remuneration of the Deputy Mayor: KI Klaas (1 July 2015 to 5 November 2015)</i>		
Allowance	147 059	423 762
Transport Allowance	23 737	68 700
Cell Phone Allowance	7 242	20 868
Pension Fund	27 545	82 634
Mobile Data Card	1 249	3 600
Other Allowances	10 574	2 293
Total	217 406	601 857
<i>Remuneration of the Deputy Mayor: NZ Nyamana (26 January 2016 to 30 June 2016)</i>		
Allowance	296 938	-
Cell Phone Allowance	12 173	-
Mobile Data Card	2 100	-
Total	311 211	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30

REMUNERATION OF COUNCILLORS (CONTINUE)

2016

2015

Remuneration of the Speaker: DA Hull

Allowance	410 327	383 872
Transport Allowance	116 069	116 069
Cell Phone Allowance	20 868	20 868
Pension Fund	80 014	74 855
Mobile Data Card	3 600	3 600
Other Allowances	1 279	1 959
Total	632 157	601 223

Remuneration of Member of Mayoral Committee: SW van Eeden

Allowance	395 038	370 236
Transport Allowance	96 440	96 440
Cell Phone Allowance	20 868	20 868
Pension Fund	77 032	72 196
Mobile Data Card	3 600	3 600
Other Allowances	1 797	3 645
Total	594 775	566 985

Remuneration of Member of Mayoral Committee: NP Crouwcamp

Allowance	384 304	359 502
Transport Allowance	109 267	109 267
Cell Phone Allowance	20 868	20 868
Pension Fund	74 939	70 103
Mobile Data Card	3 600	3 600
Total	592 978	563 340

Remuneration of Member of Mayoral Committee: EMJ Scheffers

Allowance	393 778	371 468
Transport Allowance	50 073	54 286
Cell Phone Allowance	20 868	20 868
Pension Fund	76 787	72 436
Mobile Data Card	3 600	3 600
Other Allowances	47 872	43 368
Total	592 978	566 026

Remuneration of Member of Mayoral Committee: RR Kortje

Allowance	410 469	385 667
Transport Allowance	78 000	78 000
Cell Phone Allowance	20 868	20 868
Pension Fund	80 041	75 205
Mobile Data Card	3 600	3 600
Other Allowances	1 311	607
Total	594 289	563 947

Remuneration of Member of Council: J Kriel (1 July 2015 to 31 August 2015)

Allowance	28 640	171 841
Transport Allowance	7 284	43 707
Cell Phone Allowance	3 478	20 868
Mobile Data Card	600	3 600
Total	40 002	240 016

Remuneration of Member of Council and Section 79 Chair: J Kriel (1 September 2015 to 30 June 2016)

Allowance	210 081	-
Transport Allowance	36 423	-
Cell Phone Allowance	17 390	-
Mobile Data Card	3 000	-
Total	266 894	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	REMUNERATION OF COUNCILLORS (CONTINUE)	2016	2015
<i>Remuneration of Member of Council and Section 79 Chair: TS De Koker (1 July 2015 to 31 August 2015)</i>			
Allowance	32 772	196 633	
Transport Allowance	6 940	41 643	
Cell Phone Allowance	3 478	20 868	
Pension Fund	6 391	38 344	
Mobile Data Card	600	3 600	
Other Allowances	-	1 400	
Total	50 181	302 488	
<i>Remuneration of Member of Council: TS De Koker (1 September 2015 to June 2016)</i>			
Allowance	175 706	-	
Transport Allowance	1 369	-	
Cell Phone Allowance	1 330	-	
Pension Fund	34 262	-	
Mobile Data Card	1 500	-	
Total	214 167	-	
<i>Remuneration of Member of Council: E Turner</i>			
Allowance	249 510	232 913	
Transport Allowance	43 707	43 707	
Cell Phone Allowance	20 868	20 868	
Mobile Data Card	3 600	3 600	
Total	317 685	301 088	
<i>Remuneration of Member of Council: JDF Van Zyl</i>			
Allowance	215 415	201 526	
Transport Allowance	35 796	35 796	
Cell Phone Allowance	20 868	20 868	
Pension Fund	42 006	39 298	
Mobile Data Card	3 600	3 600	
Total	317 685	301 088	
<i>Remuneration of Member of Council: NJ Mgoqi</i>			
Allowance	156 350	145 527	
Transport Allowance	41 643	41 643	
Cell Phone Allowance	20 868	20 868	
Pension Fund	30 488	28 378	
Mobile Data Card	3 600	3 600	
Total	252 949	240 016	
<i>Remuneration of Member of Council: ME Zwedala (01 July 2014 to 30 April 2015)</i>			
Allowance	-	127 861	
Transport Allowance	-	27 130	
Cell Phone Allowance	-	17 390	
Pension Fund	-	24 932	
Mobile Data Card	-	3 000	
Total	-	200 313	
<i>Remuneration of Member of Council: DB Janse</i>			
Allowance	210 143	198 060	
Transport Allowance	42 096	42 230	
Cell Phone Allowance	20 868	20 868	
Pension Fund	40 978	38 622	
Mobile Data Card	3 600	3 600	
Other Allowances	-	1 201	
Total	317 685	304 581	
<i>Remuneration of Member of Council: R Johnson</i>			
Allowance	156 350	145 527	
Transport Allowance	41 643	41 643	
Cell Phone Allowance	20 868	20 868	
Pension Fund	30 488	28 378	
Mobile Data Card	3 600	3 600	
Total	252 949	240 016	

REMUNERATION OF COUNCILLORS (CONTINUE)

	2016	2015
<i>Remuneration of Member of Council: EJ Vollenhoven</i>		
Allowance	161 548	146 788
Transport Allowance	35 431	32 413
Cell Phone Allowance	20 868	20 868
Pension Fund	31 502	28 624
Mobile Data Card	3 600	3 600
Other Allowances	-	8 951
Total	252 949	241 244
<i>Remuneration of Member of Council: SP Mafilika (01 July 2014 to 28 February 2015)</i>		
Allowance	-	116 843
Transport Allowance	-	29 830
Cell Phone Allowance	-	17 390
Pension Fund	-	22 784
Mobile Data Card	-	3 000
Other Allowances	-	-
Total	-	189 847
<i>Remuneration of Member of Council: CJ Grootboom</i>		
Allowance	231 390	217 501
Transport Allowance	16 706	16 706
Cell Phone Allowance	20 868	20 868
Pension Fund	45 121	42 413
Mobile Data Card	3 600	3 600
Other Allowances	980	1 097
Total	318 665	302 185
<i>Remuneration of Member of Council: JRO Swanepoel (01 July 2014 to 02 October 2014)</i>		
Allowance	-	53 514
Transport Allowance	-	14 569
Cell Phone Allowance	-	6 956
Pension Fund	-	-
Mobile Data Card	-	1 200
Other Allowances	-	-
Total	-	76 239
<i>Remuneration of Member of Council: CB Swanepoel</i>		
Allowance	191 197	180 375
Cell Phone Allowance	20 868	20 868
Pension Fund	37 284	35 173
Mobile Data Card	3 600	3 600
Total	252 949	240 016

REMUNERATION OF COUNCILLORS (CONTINUE)

	2016	2015
<i>Remuneration of Member of Council: WS Nyamana</i>		
Allowance	156 029	145 206
Transport Allowance	40 363	40 363
Cell Phone Allowance	20 868	20 868
Pension Fund	30 426	28 315
Mobile Data Card	3 600	3 600
Other Allowances	1 663	1 664
Total	252 949	240 016
<i>Remuneration of Member of Council: JD Burger</i>		
Allowance	215 495	201 607
Transport Allowance	35 700	35 700
Cell Phone Allowance	20 868	20 868
Pension Fund	42 022	39 313
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	317 685	301 088
<i>Remuneration of Member of Council: HC De Koker (12 August 2014 to 30 June 2015)</i>		
Allowance	154 623	140 933
Transport Allowance	43 707	38 817
Cell Phone Allowance	20 868	18 533
Pension Fund	30 151	11 684
Mobile Data Card	3 600	3 197
Other Allowances	-	1 597
Total	252 949	214 761
<i>Remuneration of Member of Council: JP Goodwin (24 October 2014 to 30 June 2015)</i>		
Allowance	166 093	122 717
Transport Allowance	30 000	12 500
Cell Phone Allowance	20 868	14 312
Pension Fund	32 388	12 616
Mobile Data Card	3 600	2 469
Total	252 949	164 614
<i>Remuneration of Member of Council: AJ Shibili (06 May 2015 to 30 June 2015)</i>		
Allowance	191 197	27 592
Cell Phone Allowance	20 868	3 192
Pension Fund	37 283	5 380
Mobile Data Card	3 600	551
Other Allowances	-	291
Total	252 948	37 006
<i>Remuneration of Member of Council: B Fanele (22 July 2015 to 30 June 2016)</i>		
Allowance	187 934	-
Cell Phone Allowance	19 701	-
Pension Fund	31 993	-
Mobile Data Card	3 399	-
Total	243 027	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
31 DEBT IMPAIRMENT		
Long term Receivables - Note 19	1 137 297	(467 940)
Trade Receivables from exchange transactions - Note 21	13 176 101	4 730 381
Trade Receivables from non-exchange transactions - Note 22	17 751 452	17 569 031
Total Contribution to Debt Impairment	32 064 849	21 831 472
Less: portion Relating to VAT - note 12	(1 654 498)	(469 235)
Total Debt Impairment	30 410 351	21 362 238
32 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	20 715 376	19 146 209
Capitalised Restoration Cost	10 091 628	1 024 547
Investment Property	49 717	49 581
Intangible Assets	128 061	127 732
	30 984 784	20 348 069
Balance previously reported (Note 32)		20 342 192
Depreciation charges on assets incorrectly calculated - Refer to note 38.4		5 877
Restated balance		20 348 069
33 IMPAIRMENTS		
Property, Plant and Equipment Refer to note 13	508 397	1 413
Heritage Assets Refer to note 16	-	389 000
Capitalised Restoration Cost Refer to note 17	(1 244 505)	13 392 431
Total Impairments	(736 108)	13 782 844
34 FINANCE CHARGES		
Landfill site	3 279 513	1 175 596
Long service awards	683 442	648 522
Long-term Liabilities	2 865 070	3 170 883
Post Employment Health	4 601 451	4 353 222
Total finance charges	11 429 475	9 348 223
35 BULK PURCHASES		
Electricity	238 434 975	210 198 409
Water	3 596 989	3 747 729
Total Bulk Purchases	242 031 964	213 946 138
36 GRANTS AND SUBSIDIES		
Destitute Grants	749 000	120 000
Total Grants and Subsidies	749 000	120 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

37	GENERAL EXPENSES	2016 R	2015 R
	Advertisement Cost	911 867	834 879
	Audit fees	2 559 979	2 568 182
	Bank charges	752 501	664 902
	Bursaries - Internal	54 294	76 522
	Cell phone	572 161	637 749
	Chemicals	5 229 171	4 379 681
	Computer services	1 782 152	1 677 133
	Connections	413 530	315 951
	Data lines	3 021 080	2 769 753
	Delegation Fees	295 533	391 375
	Development Projects	398 562	425 587
	Fuel	6 564 694	6 814 020
	Insurance (Premiums & Claims cost)	3 601 656	1 574 997
	IoD Insurance	1 132 762	1 304 444
	Membership fees	1 654 040	1 642 413
	Postage	681 258	928 263
	Poverty Alleviation Projects	942 588	778 652
	Printing & Stationary	1 128 220	1 141 193
	Professional Services	3 752 036	2 717 599
	Protective Clothing	870 482	803 026
	Refuse bags	689 216	446 831
	Rehabilitation	596 225	542 087
	Skills Development Levy	1 376 182	1 104 944
	Tourism Marketing	966 444	877 151
	Training cost	927 090	890 038
	Transfer cost	313 499	175 307
	Valuation cost	934 647	2 743 232
	Housing expenditure	5 083 971	27 452 193
	Other	5 922 200	5 015 110
	Total General Expenses	53 128 040	71 693 215
	Balance previously reported (Note 38)		71 692 776
	Correction of error - Refer to note 38.6		439
	Restated balance		71 693 215

38 CORRECTION OF ERROR IN TERMS OF GRAP 3

38.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT)

Balance previously reported	452 227 659
Operating lease contracts omitted in 2013/2014	(14 641)
Correction of depreciation	(4 362)
Correction of depreciation incorrectly raised on land	251 356
Correction of depreciation incorrectly raised on land	199 999
Recognition of asset	32 000
Recognition of asset depreciation	(23 616)
Derecognition: Cogmanskloof clinic transfer at Cost	(201 000)
Derecognition: Cogmanskloof clinic transfer Accumulated Depreciation	30 490
Expenditure relates to maintenance (prior 2014/2015)	(17 683)
Restated Balance as at 01 July 2015	452 480 201

38.2 OPERATING LEASE ASSET

Balance previously reported	83 233
Operating lease contracts omitted in 2013/2014	(14 641)
Operating lease contracts omitted in 2014/2015	7 671
Restated Balance as at 30 June 2015	76 262

Correction of error - Refer to note 23

38.3 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	535 505 283
Recognition of asset	32 000
Recognition of asset depreciation	(25 614)
Expenditure relates to maintenance (prior 2014/2015)	(17 683)
Expenditure relates to maintenance (2014/2015)	(133 503)
Derecognition: Asset stolen	(3 389)
Correction of depreciation on stolen asset	3 219
Derecognition: Cogmanskloof clinic transfer at Cost	(201 000)
Derecognition: Cogmanskloof clinic transfer Accumulated Depreciation	32 492
Review of useful lives: Correction on accumulated depreciation on assets	(29 327)
Correction of depreciation incorrectly raised on land	270 311
Correction of depreciation incorrectly raised on land	199 999
Restated Balance as at 30 June 2015	535 632 789

Correction of error - Refer to note 13

38.4 DEPRECIATION AND AMORTISATION

Balance previously reported	20 342 192
Depreciation charges on assets incorrectly calculated	5 877
Restated Balance as at 30 June 2015	20 348 069

Correction of error - Refer to note 32

38.5 REPAIRS AND MAINTENANCE

Balance previously reported	14 702 435
Repairs and maintenance of 2014/2015	133 503
Restated Balance as at 30 June 2015	14 835 938

Correction of Error Refer to Statement of Financial Performance

38.6 GENERAL EXPENSES

Balance previously reported	71 692 776
Rental of fax machines	439
Restated Balance as at 30 June 2015	71 693 215

Correction of error - Refer to note 37

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

38.7 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	89 562
Correction on Gain on Loss of Assets derecognised in 2014/2015	299
Restated Balance as at 30 June 2015	89 861
	=====

Correction of Error Refer to Statement of Financial Performance

38.8 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	2 324 132
Operating lease contracts omitted in 2014/2015	7 671
Restated Balance as at 30 June 2015	2 331 803
	=====

Correction of Error Refer to Statement of Financial Performance

	2016	2015
39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	52 448 013	12 791 520
Adjustments for:		
Depreciation/Amortisation	30 984 784	20 348 069
Loss on disposal of property, plant and equipment	1 566 609	89 861
Contributed Assets	(3 169)	(1 804 000)
(Gains) on disposal of property, plant and equipment	(3 529 288)	(612 853)
Fair Value Adjustments	276	(11 556)
Impairment Loss	508 397	13 782 844
Impairment (Reversals)	(1 244 505)	-
Contributions to Non-Current Provisions	11 833 784	9 426 728
Debt Impairment	32 064 849	21 831 472
Actuarial Losses	-	45 963
Actuarial (Gains)	(6 741 931)	(2 042 666)
Unamortised discount	51 903	23 934
Bad debt written-off	(28 888 404)	(11 757 228)
Finance charges	19 257	(13 288)
Operating lease income accrued	(12 680)	48 025
	89 057 895	62 146 826
Changes in working capital	4 092 035	13 968 521
Increase/(Decrease) in Payables from exchange transactions	15 139 495	10 458 074
Increase/(Decrease) in Provisions	-	-
Increase/(Decrease) in Employee benefits	(694 828)	(3 534 492)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(274 812)	6 573 323
Increase/(Decrease) in Unspent Public Contributions	-	(310 100)
Increase/(Decrease) in Taxes	(825 028)	1 705 025
(Increase)/Decrease in Inventory	(361 272)	13 643 898
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(6 484 369)	(16 203 114)
Decrease/(Increase) in Long-term Receivables	(2 407 151)	1 385 986
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	249 920
	93 149 930	76 115 346
Cash generated/(absorbed) by operations		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	CASH AND CASH EQUIVALENTS	2016	2015
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 24	90 015 287	24 868 724
	Cash Floats - Note 24	9 110	8 210
	Bank - Note 24	13 585 681	57 756 592
	Total cash and cash equivalents	103 610 078	82 633 526
41	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 40	103 610 078	82 633 526
	Investments - Note 18	120 903	121 178
	Less:		
	Unspent Committed Conditional Grants - Note 10	103 730 981	82 754 705
	VAT - Note 12	9 582 308	10 050 764
	Resources available for working capital requirements	9 582 308	9 857 121
	Allocated to:		
	Capital Replacement Reserve	-	193 643
	Employee Benefits	35 245 178	29 382 473
	Current Provisions	15 192 524	13 475 970
	Resources available for working capital requirements	37 786 560	25 136 572
42	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2016	2015
	Long-term Liabilities - Note 3	26 824 640	29 473 883
	Used to finance property, plant and equipment - at cost	(26 824 640)	(29 473 883)
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

43

BUDGET COMPARISONS

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
43.1 Operational				
Revenue by source				
Property Rates	39 954 462	39 917 290	37 172	0%
Government Grants and Subsidies - Capital	46 347 944	30 141 230	16 206 714	54%
Government Grants and Subsidies - Operating	75 817 925	86 735 161	(10 917 236)	-13%
Public Contributions and Donations	-	-	-	0%
Gain on Foreign Exchange Transaction	-	-	-	0%
Actuarial Gains	6 741 931	5 000 000	1 741 931	35%
Fair Value Adjustments	-	-	-	0%
Fines	20 679 190	18 862 030	1 817 160	10%
Impairment Reversal	1 244 505	-	1 244 505	100%
Stock Adjustments	103 771	135 250	(31 479)	-23%
Service Charges	373 675 200	368 830 930	4 844 270	1%
Rental of Facilities and Equipment	2 623 754	2 725 550	(101 796)	-4%
Interest Earned - external investments	4 391 659	3 539 850	851 809	24%
Interest Earned - outstanding debtors	1 954 666	2 074 120	(119 454)	-6%
Licences and Permits	1 169 318	1 725 280	(555 962)	-32%
Agency Services	3 140 603	2 866 310	274 293	10%
Other Income	18 510 857	18 747 210	(236 353)	-1%
Unamortised Discount - Interest	76 223	73 360	2 863	4%
Gain on disposal of Property, Plant and Equipment	3 529 288	-	3 529 288	100%
	599 961 296	581 373 571	18 587 725	3%
Expenditure by nature				
Employee related costs	146 026 534	160 097 159	(14 070 625)	-9%
Remuneration of Councillors	8 740 174	8 858 480	(118 306)	-1%
Debt Impairment	30 410 351	24 772 890	5 637 461	23%
Depreciation and Amortisation	30 984 784	31 744 640	(759 856)	-2%
Collection costs	1 474 865	1 219 270	255 595	21%
Impairments	508 397	3 000 000	(2 491 603)	-83%
Repairs and Maintenance	18 136 914	20 443 873	(2 306 959)	-11%
Actuarial losses	-	6 708 840	(6 708 840)	-100%
Unamortised Discount - Interest paid	128 126	83 840	44 286	53%
Finance Charges	11 429 475	8 665 780	2 763 695	32%
Bulk Purchases	242 031 964	241 735 310	296 654	0%
Contracted services	2 183 363	2 036 020	147 343	7%
Grants and Subsidies	749 000	125 760	623 240	496%
Stock Adjustments	14 410	135 250	(120 840)	-89%
General Expenses	53 128 040	78 280 194	(25 152 154)	-32%
Loss on disposal of Property,Plant and Equipment	1 566 609	-	1 566 609	100%
Fair Value Adjustments	276	-	276	100%
	547 513 283	587 907 306	(40 394 023)	-7%
Net Surplus for the year	52 448 013	(6 533 735)	58 981 748	-903%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Comparison between last approved budget and final budget:

	2016 R	2016 R	2016 R	2016 R	Explanation for Variances
	(Approved Budget)	(Final Budget)	(Variance)	(%)	
Operational					
Revenue by source					
Property Rates	39 917 290	39 917 290	-	0%	
Property rates - penalties & collection charges	486 940	486 940	-	0%	
Government Grants and Subsidies - Capital	30 141 230	30 141 230	-	0%	
Government Grants and Subsidies - Operating	86 735 161	86 735 161	-	0%	
Public Contributions and Donations	-	-	-	0%	
Gain on Foreign Exchange Transaction	-	-	-	0%	
Actuarial Gains	5 000 000	5 000 000	-	0%	
Fair Value Adjustments	-	-	-	0%	
Fines	18 862 030	18 862 030	-	0%	
Impairment Reversal	-	-	-	0%	
Stock Adjustments	135 250	135 250	-	0%	
Service Charges	368 830 930	368 830 930	-	0%	
Rental of Facilities and Equipment	2 725 550	2 725 550	-	0%	
Interest Earned - external investments	3 539 850	3 539 850	-	0%	
Interest Earned - outstanding debtors	1 587 180	1 587 180	-	0%	
Licences and Permits	1 725 280	1 725 280	-	0%	
Agency Services	2 866 310	2 866 310	-	0%	
Other Income	18 747 210	18 747 210	-	0%	
Unamortised Discount - Interest	73 360	73 360	-	0%	
Gain on disposal of Property, Plant and Equipment	-	-	-	0%	
	581 373 571	581 373 571	-	0%	
Expenditure by nature					
Employee related costs	160 097 159	160 097 159	-	0%	
Remuneration of Councillors	8 858 480	8 858 480	-	0%	
Debt Impairment	24 772 890	24 772 890	-	0%	
Depreciation and Amortisation	31 744 640	31 744 640	-	0%	
Collection costs	1 219 270	1 219 270	-	0%	
Impairments	3 000 000	3 000 000	-	0%	
Repairs and Maintenance	20 443 873	20 443 873	-	0%	
Actuarial losses	6 708 840	6 708 840	-	0%	
Unamortised Discount - Interest paid	83 840	83 840	-	0%	
Finance Charges	8 665 780	8 665 780	-	0%	
Bulk Purchases	241 735 310	241 735 310	-	0%	
Contracted services	2 056 520	2 036 020	20 500	1%	
Grants and Subsidies	125 760	125 760	-	0%	
Stock Adjustments	135 250	135 250	-	0%	
Operating Grant Expenditure	-	-	-	0%	
General Expenses	78 259 694	78 280 194	-20 500	0%	
Loss on disposal of Property,Plant and Equipment	-	-	-	0%	
Fair Value Adjustments	-	-	-	0%	
	587 907 306	587 907 306	-	0%	
Net Surplus for the year	(6 533 735)	(6 533 735)	-	0%	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Comparison between last approved budget and final budget: (CONTINUE)

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
43.2 Expenditure by Vote				
Community Services	42 549 853	58 404 751	(15 854 898)	-27%
Corporate Services	46 430 010	48 827 750	(2 397 740)	-5%
Engineering Services	388 222 636	397 181 513	(8 958 877)	-2%
Executive & Council	25 971 815	29 373 770	(3 401 955)	-12%
Finance	25 284 633	33 794 103	(8 509 470)	-25%
Strategy & Social Development	19 054 336	20 325 419	(1 271 083)	-6%
	547 513 283	587 907 306	(40 394 023)	-7%

Comparison between last approved budget and final budget:

	2016 R (Approved Budget)	2016 R (Final Budget)	2016 R (Variance)	2016 R (%)	Explanation for Variances
Expenditure by Vote					
Community Services	58 404 751	58 404 751	-	0%	
Corporate Services	48 827 770	48 827 750	20	0%	
Engineering Services	397 181 513	397 181 513	-	0%	
Executive & Council	29 373 770	29 373 770	1 000	0%	
Finance	33 794 103	33 794 103	-	0%	
Strategy & Social Development	20 324 399	20 325 419	(1 020)	0%	
	587 907 306	587 907 306	-	0%	

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
43.3 Capital expenditure by vote				
Community Services	27 471 971	6 305 670	21 166 301	336%
Corporate Services	550 621	660 000	(109 379)	-17%
Engineering Services	40 914 346	48 333 400	(7 419 054)	-15%
Executive & Council	-	-	-	0%
Finance	-	-	-	0%
Strategy & Social Development	3 397 761	3 374 570	23 191	1%
	72 334 698	58 673 640	13 661 058	23%

Comparison between last approved budget and final budget:

	2016 R (Approved Budget)	2016 R (Final Budget)	2016 R (Variance)	2016 R (%)	Explanation for Variances
Capital expenditure by vote					
Community Services	6 305 670	6 305 670	-	0%	
Corporate Services	660 000	660 000	-	0%	
Engineering Services	48 333 400	48 333 400	-	0%	
Executive & Council	-	-	-	0%	
Finance	-	-	-	0%	
Strategy & Social Development	3 374 570	3 374 570	-	0%	
	58 673 640	58 673 640	-	0%	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2016 R	2015 R				
44.1	<u>Unauthorised expenditure</u>						
Reconciliation of unauthorised expenditure:							
	Opening balance	19 193 663	11 061 458				
	Unauthorised expenditure for the year - capital	21 189 492	-				
	Unauthorised expenditure for the year - operating	-	19 193 663				
	Written off by council	(19 193 663)	(11 061 458)				
	Transfer to receivables for recovery	-	-				
	Unauthorised expenditure awaiting authorisation	<u>21 189 492</u>	<u>19 193 663</u>				
Unauthorised expenditure on the capital budget are related to the housing internal services of the McGregor Housing project that is part of the municipal infrastructure assets of which it was budgeted under the operating budget.							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Incident</th><th style="text-align: left; padding: 2px;">Disciplinary steps/criminal proceedings</th></tr> </thead> <tbody> <tr> <td style="padding: 2px;">None</td><td style="padding: 2px;"></td></tr> </tbody> </table>				Incident	Disciplinary steps/criminal proceedings	None	
Incident	Disciplinary steps/criminal proceedings						
None							
44.2	<u>Fruitless and wasteful expenditure</u>	2016 R	2015 R				
	<i>Incidents were reported and the investigations was concluded</i>	24 253	465 952				
44.3	<u>Irregular expenditure</u>						
Reconciliation of irregular expenditure:							
	Opening balance	-	-				
	Irregular expenditure for the year	-	-				
	Written off by council	-	-				
	Transfer to receivables for recovery	-	-				
	Irregular expenditure awaiting further action	<u>-</u>	<u>-</u>				
44.4	<u>Material Losses</u>	2016	2015				
Water distribution losses							
	- Kilo litres disinfected/purified/purchased	7 679 720	8 012 290				
	- Kilo litres lost during distribution	947 110	1 050 770				
	- Percentage lost during distribution	12.33%	13.11%				
Electricity distribution losses							
	- Units purchased (Kwh)	304 476 878	294 775 957				
	- Units lost during distribution (Kwh)	20 204 497	19 199 610				
	- Percentage lost during distribution	6.64%	6.51%				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2016 R	2015 R
45.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1 643 170	1 635 799
	Amount paid - current year	(1 643 170)	(1 635 799)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	<hr/> <hr/>	<hr/> <hr/>
45.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	24 887	-
	Current year audit fee	2 559 979	2 568 182
	External Audit - Auditor-General	2 484 481	2 501 601
	Audit Committee	75 497	66 581
	Amount paid - current year	(2 537 342)	(2 543 295)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	<hr/> <hr/>	<hr/> <hr/>
45.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	(5 358 079)	4 298 055
	Amounts received - current year	47 980 434	43 603 876
	Amounts received - previous years	5 358 079	(4 298 055)
	Amounts claimed - current year	(53 522 217)	(48 961 955)
	Closing balance - (Paid)/Claimed	<hr/> <hr/>	<hr/> <hr/>
	Vat in suspense due to cash basis of accounting	(5 541 783)	(5 358 079)
	Input VAT	5 003 536	4 760 416
	Output VAT	(7 455 793)	(6 567 227)
	Receivable	<hr/> <hr/>	<hr/> <hr/>
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
45.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(18 412 018)	(16 535 471)
	Amount paid - current year	18 412 018	16 535 471
	Balance unpaid (included in creditors)	<hr/> <hr/>	<hr/> <hr/>
45.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(20 362 248)	(19 296 637)
	Amount paid - current year	20 362 248	19 296 637
	Balance unpaid (included in creditors)	<hr/> <hr/>	<hr/> <hr/>

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	2016 R	2015 R	Outstanding more than 90 days	Outstanding more than 90 days
NYAMANA, W	464			
Total Councillor Arrear Consumer Accounts	464			-

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

	Amount	Single Supplier	Type of deviation		
			Impossible	Impracticable	Emergency
July	1 110 018	3	-	74	17
August	3 752 358	8	-	47	28
September	1 227 177	7	-	61	18
October	691 319	4	-	57	12
November	2 250 166	4	-	60	31
December	2 431 906	4	-	42	24
January	973 693	5	-	42	23
February	1 124 939	3	-	66	14
March	1 228 649	3	-	66	17
April	1 133 157	2	-	59	15
May	1 220 763	5	-	66	15
June	854 643	3	-	38	20
	17 998 787	51	-	678	234

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annnadale Motors BK	Director	Spouse	E Wagner	Admin Clerk-Langeberg Municipality	121 238
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher-Department of Education	257 818
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education	71 110
Mubesko Africa	Manager	Spouse	S Niehaus	Manager-Department of Health	1 003 111
Van Niekerk & Linde	Owner	Spouse	S Rossouw	Teacher-Department of Education	468 903
TMM Management	Owner	Parent	NJ Mgoqi	Councillor	68 457
3 D Community Projects	Owner	Child	D Jeneke	Teacher-Department of Education	40 645

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Employer and capacity of person

45.8 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

46	CAPITAL COMMITMENTS		2016	2015	
			R	R	
Commitments in respect of capital expenditure:					
Approved and contracted for:					
Infrastructure		11 552 669	11 164 211		
Community		8 287 550	11 164 211		
		3 265 119	-		
Approved but not yet contracted for		41 683 461	40 459 509		
Infrastructure		20 707 540	20 327 159		
Community		3 494 801	5 789 000		
Other		17 481 120	14 343 350		
Total		53 236 130	51 623 720		
In addition to the capital commitments approved and contracted for disclosed in terms of GRAP, R41 683 461 (2015: R40 459 509) of the 2016/2017 capital budget have been approved but have not yet been contracted for.					
This expenditure will be financed from:					
External Loans		-	-		
Capital Replacement Reserve		31 416 120	22 401 900		
Government Grants		21 820 010	29 221 820		
Other Grants		-	-		
Total		53 236 130	51 623 720		

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality did not engage in any foreign currency transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1.25% (2015 - 1%) Increase in interest rates	(154 965)	291 757
0.5% (2015 - 0.5%) Decrease in interest rates	61 986	(145 879)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

47

FINANCIAL RISK MANAGEMENT (CONTINUE)

2016

2015

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due to the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2016 %	2016 R	2015 %	2015 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	30 128 462	100.00%	28 073 316
<u>Exchange Receivables</u>				
Electricity	33.56%	19 864 050	33.35%	18 255 224
Water	11.91%	7 050 376	13.00%	7 116 460
Refuse	7.23%	4 281 984	6.72%	3 678 934
Sewerage	9.48%	5 610 725	8.70%	4 763 691
Other	37.81%	22 378 338	38.22%	20 921 740
	100.00%	59 185 472	100.00%	54 736 049

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

	2016 %	2016 R	2015 %	2015 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	24 730 685	100.00%	23 219 277
<u>Exchange Receivables</u>				
Electricity	19.57%	3 411 288	19.38%	3 378 144
Water	25.09%	4 373 428	24.25%	4 225 998
Refuse	17.44%	3 040 012	14.64%	2 551 411
Sewerage	23.12%	4 029 090	19.50%	3 398 040
Other	14.78%	2 576 336	19.21%	3 348 822
	100.00%	17 430 155	96.97%	16 902 414

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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FINANCIAL RISK MANAGEMENT (CONTINUE)

	2016 %	2016 R	2015 %	2015 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	16 240 044	100.00%	9 269 981
<u>Exchange Receivables</u>				
Electricity	1.90%	240 354	1.35%	33 615
Water	39.76%	5 028 942	18.38%	457 098
Refuse	21.01%	2 657 602	15.61%	388 215
Sewerage	27.45%	3 472 373	21.00%	522 216
Other	9.88%	1 249 088	43.67%	1 086 104
	100.00%	12 648 360	100.00%	2 487 247

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

	2016 R	2015 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	3 291 059	2 021 205
Receivables from exchange transactions	41 829 874	37 928 391
Cash and Cash Equivalents	103 610 078	82 633 526
Non-Current Investments	120 903	121 178
	148 851 914	122 704 301

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2016				
Long Term liabilities	6 739 450	23 344 765	7 790 589	-
Capital repayments	3 918 916	17 966 280	6 367 191	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	63 567 624	-	-	-
	70 307 074	23 344 765	7 790 589	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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FINANCIAL RISK MANAGEMENT (CONTINUE)

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities	7 227 626	25 236 534	13 505 708	-
Capital repayments	4 407 092	19 858 048	12 082 310	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	49 425 344	-	-	-
	56 652 970	25 236 534	13 505 708	-

48

FINANCIAL INSTRUMENTS

2016
R

2015
R

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

48.1 Financial Assets

Classification

Investments

Non-Current Investments	Financial instruments at fair value	120 903	121 178
Fixed Deposits	Financial instruments at amortised cost	-	-

Long-term Receivables

Provincial Government Housing Loans - At amortised cost	383 545	572 545
Staff Study loans - At amortised cost	155 342	46 318
Services connections - At amortised cost	730 146	879 377
Land Sales - At amortised cost	1 880 664	402 726
Short-term Installments	141 361	120 239
Agreements with Consumer Debtors	0	-

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	41 829 874	37 928 391
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Other Receivables

Government Subsidies and Grants	Financial instruments at amortised cost	-	-
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Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	90 015 287	24 868 724
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Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	13 585 681	57 756 592
Cash Floats and Advances	Financial instruments at amortised cost	9 110	8 210
		148 851 914	122 704 301

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	148 851 914	122 704 301
At amortised cost	148 851 914	122 704 301

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

48	FINANCIAL INSTRUMENTS (CONTINUE)	2016	2015
48.2	<u>Financial Liability</u>	<u>Classification</u>	
	Long-term Liabilities		
	Annuity Loans	Financial instruments at amortised cost	21 350 405
	Capitalised Lease Liability	Financial instruments at amortised cost	1 232 273
	Payables from exchange transactions		
	Trade Payables	Financial instruments at amortised cost	53 969 009
	Retentions and Guarantees	Financial instruments at amortised cost	3 116 077
	Sundry Deposits	Financial instruments at amortised cost	9 524 458
	Sundry Creditors	Financial instruments at amortised cost	74 156
	Current Portion of Long-term Liabilities		
	Annuity Loans	Financial instruments at amortised cost	3 639 125
	Capitalised Lease Liability	Financial instruments at amortised cost	602 837
		<u>93 508 341</u>	<u>82 110 712</u>
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	<u>93 508 341</u>	<u>82 110 712</u>
49	STATUTORY RECEIVABLES	2016	2015
	In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:		
	Taxes		
	VAT Receivable	631 385	-
	Receivables from Non-Exchange Transactions		
	Rates	2 178 161	2 086 391
	Fines	2 224 067	2 168 517
		<u>5 033 614</u>	<u>4 254 908</u>
50	EVENTS AFTER THE REPORTING DATE		
	2016		
	The municipality intends to take up a loan of R 40 000 000 in 2016/2017 to fund capital expenditure.		
	2015		
	On 27 July 2015 the Bonnievale stores was set alight by the public, the damage to the buildings and vehicles are estimated at R 4 480 000. The municipality intends to take up a loan of R 40 000 000 in 2015/2016 to fund capital expenditure.		
51	IN-KIND DONATIONS AND ASSISTANCE		
	No in-kind donations or assistance has been received during the financial year		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 CONTINGENT LIABILITY

2016

The person who was injured on the municipal dumping site is now deceased. The insurers of the Municipality have received no further correspondence or claims from the Third Party representatives and have closed the file on the matter.

2015

There is currently a claim against council instituted by the family of a person who was injured by a municipal trailer.

The claim instituted against council for R 2.5 M by the family of a person who was injured on the municipal dumping site and later died in 2014 was turned down by the insurers of the municipality.

CONTINGENT ASSET

2016

2015

The municipality has instituted legal action against the contractor who did the alterations to the Robertson Museum when it collapsed on 26 August 2014. The claim is for the reinstatement of the asset as it was.

54 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

54.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

54.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

LANGEBERG MUNICIPALITY														
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2015	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2016	Closing Balance (outstanding capital) 30/06/2016	Short-term portion	Balance at reporting date	Interest Payable Till 30/06/2016
ANNUITY LOANS														
DBSA	10287/102	61000738		31/03/2016	10.00%	30 776	-	2 277	32 304	-749	-	0	-	0
DBSA	10287/202	61000739		30/09/2015	12.00%	2 638	-	154	2 716	-77	-	-0	-	-0
DBSA	10422/102	61001087		31/03/2018	15.00%	331 759	-	44 784	136 334	-11 960	8 536	236 785	105 911	122 338
DBSA	10422/203	61001088		30/09/2018	14.00%	211 371	-	27 017	75 843	-7 129	5 425	160 840	55 971	99 445
DBSA	11124/103	61001404		30/06/2019	16.00%	882 298	-	134 971	307 376	-	-	709 892	201 242	508 651
DBSA	11174/102	61001426		31/12/2018	16.50%	280 728	-	43 889	108 884	-	-	215 733	76 200	139 533
DBSA	11192/101	61001436		31/12/2018	15.75%	2 356 025	-	351 357	902 142	-	-	1 805 240	641 269	1 163 971
DBSA (Loan Fund)	11328/101	61001531		30/06/2014	13.22%	0	-	-	-	-	-	0	-0	0
DBSA (Public Debt Commissioner)	12350/101	61002371		30/06/2014	13.75%	-0	-	-	-	-	-	-0	0	-0
DBSA	13341/102	61003137		31/12/2019	16.50%	2 217 943	-	352 594	718 266	-	-	1 852 271	428 933	1 423 338
DBSA	13452/102	61003173		30/06/2020	9.217%	575 309	-	46 085	161 146	-	-	460 247	115 062	345 186
DBSA	13452/301	61003178		31/12/2019	9.217%	696 758	-	55 474	210 310	-	-	541 923	154 835	387 088
DBSA	13586/101	61003228		31/12/2020	10.628%	255 803	-	23 994	70 504	-	-	209 293	46 510	162 784
DBSA	13760/101	61003271		31/12/2020	10.158%	1 164 130	-	103 956	315 616	-	-	952 470	211 660	740 810
DBSA	99999/1	61004211		31/12/2024	10.158%	607 835	-	55 405	119 387	-	-	543 852	63 983	479 870
DBSA	102290/1	61000517		31/03/2027	9.200%	18 823 568	-	1 473 254	3 010 804	-372 969	387 934	17 300 984	1 537 550	15 375 499
						28 436 941	-	2 715 210	6 171 632	-392 883	401 895	24 989 531	3 639 125	20 948 511
														401 895
TOTAL ANNUITY LOANS														
LEASE LIABILITIES														
MINOLTA	B283 - F041011906			30/11/2015	10.50%	4 920	-	130	5 050	-	-	-0	-	-0
MINOLTA	B283 - F041015012			30/11/2015	10.50%	4 920	-	130	5 050	-	-	-0	-	-0
MINOLTA	B223 - G041101050			31/03/2016	10.50%	8 963	-	397	9 360	-	-	0	-	0
XEROX	WC5330 - 3322715985			25/07/2015	15.00%	1 922	-	29	2 335	384	-	0	-	0
XEROX	WC7535 - 3906110325			04/12/2015	8.50%	11 378	-	331	13 590	1 881	-	-0	-	-0
XEROX	CQ9303 - 3661801750			25/03/2016	8.50%	46 718	-	1 701	49 275	856	-	-0	-	-0
XEROX	CQ9303 - 3661794673			25/03/2016	8.50%	46 718	-	1 701	49 275	856	-	-0	-	-0

LANGEBERG MUNICIPALITY

Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2015	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2016	Closing Balance (outstanding capital) 30/06/2016	Short-term portion	Current Liability	Non-current Liability	
TASKalfa (Black)	N493215179		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215430		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Z13192		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215409		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Z13124		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215435		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Y12198		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493214896		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493113657		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Y12209		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215170		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215209		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Y12204		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Y12189		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215219		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215400		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215388		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493113664		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Z13169		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215003		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493214906		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N493215361		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Black)	N492Z13140		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-	-0	-
TASKalfa (Colour)	N2K3205727		25/07/2016	14.50%	51 223	-	3 873	52 124	-2 973	-	-0	-	-	-0	-
TASKalfa (Colour)	N2K2803951		25/07/2016	14.50%	51 223	-	3 873	52 124	-2 973	-	-0	-	-	-0	-
TASKalfa (Colour)	N2K2705329		25/07/2016	14.50%	51 223	-	3 873	52 124	-2 973	-	-0	-	-	-0	-
TASKalfa (FS 1135 MFP)	NR73259193		25/08/2016	14.50%	7 458	-	604	7 080	62	-	1 044	1 044	-	-	-
TASKalfa (FS 1135 MFP)	NR72530468		25/08/2016	14.50%	7 458	-	604	7 080	62	-	1 044	1 044	-	-	-
TASKalfa (FS 1135 MFP)	NR7367446		25/03/2017	15.25%	12 542	-	1 379	8 280	69	-	5 710	5 710	-	-	-
TASKalfa (FS 1135 MFP)	NR72531587		25/03/2017	15.25%	12 542	-	1 379	8 280	69	-	5 710	5 710	-	-	-
TASKalfa (FS 1135 MFP)	NR72531588		25/03/2017	15.25%	12 542	-	1 379	8 280	69	-	5 710	5 710	-	-	-
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	64 335	-	7 653	26 520	1 289	-	46 757	21 015	25 743	-	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	64 335	-	7 653	26 520	1 289	-	46 757	21 015	25 743	-	-
TASKalfa M2535 DN	15267449		25/01/2019	16.50%	-	19 728	1 012	3 445	356	-	17 651	5 843	11 808	-	-
NEC SV8100 PABX	0834143742100001		25/01/2019	16.50%	-	111 384	5 711	19 450	2 010	-	99 656	32 990	66 666	-	-
TASKalfa 3551 Ci MFP	K581144		25/02/2019	16.50%	-	117 397	4 568	16 400	2 090	-	107 655	34 299	73 357	-	-
TA 5551 ci MFP (Colour)	B5706424		25/01/2019	16.50%	-	220 191	11 291	38 450	7 013	-	200 045	65 216	134 829	-	-
TA 5551 ci MFP (Colour)	B5706437		25/01/2019	16.50%	-	220 191	11 291	38 450	7 013	-	200 045	65 216	134 829	-	-
TASKalfa 5551 Ci	B5706441		25/11/2018	16.50%	-	114 448	8 592	27 979	2 123	-	97 183	34 836	62 348	-	-
TASKalfa 350i	44702675		25/11/2018	16.50%	-	114 448	8 592	27 979	2 123	-	97 183	34 836	62 348	-	-
NEC SV8100 PABX	2B0385BK700065 & A1023352100265		25/03/2019	16.50%	-	271 302	7 119	28 425	4 765	-	254 761	85 301	169 460	-	-
NEC SV8100 PABX	ITL5BE 1P 10 Units		25/03/2019	16.50%	-	652 757	-	22 797	18 238	-	648 198	183 055	465 143	-	-
TOTAL LEASE LIABILITIES					1 036 942	1 841 847	138 455	1 192 379	10 245	-	1 835 110	602 837	1 232 273	-	
TOTAL LIABILITIES					29 473 883	1 841 847	2 853 665	7 364 011	-382 638	401 895	26 824 641	4 241 962	22 180 784	401 895	

APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL VOTES CLASSIFICATION

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
-	-	-	Community Services	37 496 884	(42 549 853)	(5 052 970)
37 314 979	(55 517 662)	(18 202 683)	Corporate Services	30 251 329	(46 430 010)	(16 178 681)
406 734 241	(372 481 978)	34 252 263	Engineering Services	435 935 848	(388 222 636)	47 713 212
498 949	(23 994 559)	(23 495 609)	Executive & Council	622 048	(25 971 815)	(25 349 767)
79 952 471	(24 211 781)	55 740 690	Finance	93 173 568	(25 284 633)	67 888 935
4 415 769	(39 918 911)	(35 503 142)	Strategy & Social Development	2 481 619	(19 054 336)	(16 572 717)
528 916 409	(516 124 890)	12 791 520	Sub Total	599 961 296	(547 513 283)	52 448 013
-	-	-		-	-	-
528 916 409	(516 124 890)	12 791 520	Total	599 961 296	(547 513 283)	52 448 013

APPENDIX C - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
809 957	(29 719 866)	(28 909 909)	Executive & Council	622 048	(32 089 159)	(31 467 111)
79 952 471	(24 211 781)	55 740 690	Budget & Treasury	93 173 568	(25 284 633)	67 888 935
4 803 877	(22 983 031)	(18 179 153)	Corporate Services	6 608 389	(24 996 215)	(18 387 825)
2 710 831	(7 488 674)	(4 777 843)	Planning & Development	3 079 890	(7 674 751)	(4 594 861)
8 850 504	(17 607 796)	(8 757 292)	Community & Social Services	9 552 845	(19 407 261)	(9 854 416)
14 906 932	(30 488 668)	(15 581 736)	Housing	27 872 345	(8 323 625)	19 548 719
26 065 312	(32 928 594)	(6 863 282)	Public Safety	25 026 712	(31 979 788)	(6 953 076)
876 217	(3 354 605)	(2 478 388)	Sport & Recreation	275 595	(3 577 867)	(3 302 272)
278 070	(13 502 912)	(13 224 841)	Environmental Protection	283 093	(14 630 957)	(14 347 864)
20 117 059	(35 747 900)	(15 630 841)	Waste Management	28 226 516	(34 561 662)	(6 335 145)
29 243 345	(13 000 327)	16 243 017	Waste Water Management	50 171 753	(16 713 121)	33 458 632
317 966	(16 726 702)	(16 408 736)	Road Transport	871 941	(17 250 631)	(16 378 690)
56 263 184	(31 106 829)	25 156 355	Water	41 387 074	(36 411 884)	4 975 190
283 720 683	(237 257 206)	46 463 478	Electricity	312 809 527	(274 611 729)	38 197 798
528 916 409	(516 124 890)	12 791 520	Sub Total	599 961 296	(547 513 283)	52 448 013
528 916 409	(516 124 890)	12 791 520	Total	599 961 296	(547 513 283)	52 448 013

**APPENDIX D - Unaudited
LANGEBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**
Restated

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2015	Prior Period Error	30 JUNE 2015	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2016
	R	R	R	R	R	R	R	R
National Government Grants								
MSIG	0	-	0	940 000	-	115 439	824 561	0
Zolani Taxi Rank	-0	-	-0	-	-	-	-	-0
Masterplans	54 386	-	54 386	-	-	-	-	54 386
MIG	2 755	-	2 755	21 368 000	-2 755	2 624 140	18 743 860	-0
Equitable Share	-	-	-	57 378 000	-	57 378 000	-	-
FMG	0	-	0	1 450 000	-	1 450 000	-	0
INEP	541 119	-	541 119	2 000 000	300 000	410 669	1 797 324	33 126
EPWP	47 619	-	47 619	1 494 000	-	1 541 619	-	-
Municipal Disaster Recovery	6 124 130	-	6 124 130	-	-	89 453	638 949	5 395 729
Department of Water Affairs	55 470	-	55 470	-	-	-	-	55 470
Provincial Government Grants								
Library services	-0	-	-0	9 310 000	-	6 204 437	1 887 334	1 218 228
Main roads	-	-	-	120 000	-	120 000	-	-
Masakhane	353 117	-	353 117	-	-	-	-	353 117
Housing Consumer Education	8 421	-	8 421	-	-	-	-	8 421
Housing Emergency Grant	197 755	-	197 755	-	-	-	-	197 755
Job creation	128 050	-	128 050	-	-	-	-	128 050
Social Development	-0	-	-0	-	-	-	-	-0
Housing Home Sanitation	167 671	-	167 671	-	-	-	-	167 671
Housing	17 903	-	17 903	-	-	-	-	17 903
Dept Water Affairs	140 000	-	140 000	-	-	-	-	140 000
Training	-	-	-	361 667	-	361 667	-	-
Installation of Basic Services (Squatter Camps)	46 326	-	46 326	-	-	-	-	46 326
CDW Operational Support Grant	-	-	-	-	-	-	-	-
Public Transport Infrastructure	73 536	-	73 536	-	-	-	-	73 536
Human Settlements Development Grant (Bene)	133 338	-	133 338	27 655 483	-133 338	5 083 971	22 455 916	115 596
Thusong Service Centre Operational Support	-	-	-	200 000	-	105 005	-	94 995
Acceleration of Housing Delivery	0	-	0	-	-	-	-	0
Department of Sport	1	-	1	-	-1	-	-	-
Western Cape Financial Management Grant	283 523	-	283 523	50 000	-	333 523	-	-
Municipal Capacity Building Grant	470 000	-	470 000	-	-	-	-	470 000
District Municipality Grants								
ID Documents	33 260	-	33 260	-	-	-	-	33 260
Route 62 projects	37 377	-	37 377	-	-	-	-	37 377
PIMS	56 147	-	56 147	-	-	-	-	56 147
Pre-paid Watermeters	108 527	-	108 527	-	-	-	-	108 527
Ward Committees	150 000	-	150 000	-	-	-	-	150 000
PIMS	17 560	-	17 560	-	-	-	-	17 560
McGregor Dam	25 000	-	25 000	-	-	-	-	25 000
Bakery Project	210 312	-	210 312	-	-	-	-	210 312
Landfil site	332 400	-	332 400	-	-	-	-	332 400
Tarring of Streets	-	-	-	-	-	-	-	-
Cleanest Town	41 416	-	41 416	-	-	-	-	41 416
Total	9 857 121	-	9 857 121	122 327 150	163 905	75 817 925	46 347 944	9 582 308

**Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)**

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2015/2016								2014/2015			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	82 973	8 025	90 998	100 418		9 420	110.4%	121.0%				85 566
Executive and council	251	354	605	622		17	102.8%	247.6%				810
Budget and treasury office	80 237	7 624	87 861	93 188		5 327	106.1%	116.1%				79 952
Corporate services	2 485	48	2 532	6 608		4 076	261.0%	266.0%				4 804
Community and public safety	34 582	16 601	51 183	62 727		11 544	122.6%	181.4%				50 699
Community and social services	10 842	68	10 910	9 553		(1 357)	87.6%	88.1%				8 851
Sport and recreation	295	70	365	276		(90)	75.4%	93.3%				876
Public safety	16 998	6 510	23 508	25 027		1 519	106.5%	147.2%				26 065
Housing	6 448	9 953	16 400	27 872		11 472	170.0%	432.3%				14 907
Health	-	-	-	-		-	-	-				-
Economic and environmental services	11 688	(1 598)	10 090	4 235		(5 855)	42.0%	36.2%				3 307
Planning and development	3 597	48	3 645	3 080		(565)	84.5%	85.6%				2 711
Road transport	7 835	(1 558)	6 277	872		(5 405)	13.9%	11.1%				318
Environmental protection	256	(88)	168	283		115	168.3%	110.7%				278
Trading services	426 417	2 685	429 103	432 581		3 478	100.8%	101.4%				389 344
Electricity	315 560	(1 873)	313 687	312 795		(892)	99.7%	99.1%				283 721
Water	45 759	(2 368)	43 391	41 387		(2 004)	95.4%	90.4%				56 263
Waste water management	34 654	11 349	46 003	50 172		4 169	109.1%	144.8%				29 243
Waste management	30 444	(4 422)	26 022	28 227		2 205	108.5%	92.7%				20 117
<i>Other</i>	-	-	-	-		-	-	-				-
Total Revenue - Standard	555 661	25 713	581 374	599 961		18 588	103.2%	108.0%				528 916

Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2015/2016								2014/2015			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Expenditure - Standard												
Governance and administration	87 761	4 078	91 838	80 091	(11 747)	(11 747)	87.2%	91.3%	3 094	3 094	-	74 825
Executive and council	32 092	606	32 698	29 085	(3 613)	(3 613)	89.0%	90.6%	3 409	3 409	-	26 823
Budget and treasury office	30 523	3 272	33 794	25 285	(8 509)	(8 509)	74.8%	82.8%	-	-	-	24 212
Corporate services	25 146	200	25 346	25 721	376	376	101.5%	102.3%	(315)	(315)	-	23 790
Community and public safety	64 769	18 109	82 878	63 289	(19 590)	(19 590)	76.4%	97.7%	(14 034)	(14 034)	-	84 380
Community and social services	23 725	(71)	23 655	19 407	(4 248)	(4 248)	82.0%	81.8%	3 992	3 992	-	17 608
Sport and recreation	4 161	-	4 161	3 578	(583)	(583)	86.0%	86.0%	-	-	-	3 355
Public safety	27 288	8 000	35 288	31 980	(3 308)	(3 308)	90.6%	117.2%	(7 851)	(7 851)	-	32 929
Housing	9 595	10 180	19 775	8 324	(11 451)	(11 451)	42.1%	86.8%	(10 175)	(10 175)	-	30 489
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	44 126	5 449	49 575	41 835	(7 741)	(7 741)	84.4%	94.8%	734	734	-	39 808
Planning and development	11 634	1 542	13 177	9 953	(3 224)	(3 224)	75.5%	85.6%	371	371	-	9 578
Road transport	18 072	3 900	21 972	17 251	(4 722)	(4 722)	78.5%	95.5%	364	364	-	16 727
Environmental protection	14 419	7	14 426	14 631	205	205	101.4%	101.5%	-	-	-	13 503
Trading services	357 622	5 993	363 615	362 298	(1 317)	(1 317)	99.6%	101.3%	(8 988)	(8 988)	-	317 112
Electricity	282 070	(8 507)	273 564	274 612	1 048	1 048	100.4%	97.4%	(2 893)	(2 893)	-	237 257
Water	37 302	250	37 552	36 412	(1 141)	(1 141)	97.0%	97.6%	5 471	5 471	-	31 107
Waste water management	13 910	1 250	15 160	15 469	308	308	102.0%	111.2%	267	267	-	13 000
Waste management	24 339	13 000	37 339	35 806	(1 533)	(1 533)	95.9%	147.1%	(11 833)	(11 833)	-	35 748
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	554 278	33 630	587 907	547 513	(40 394)	(40 394)	93.1%	98.8%	(19 194)	(19 194)	-	516 125
Surplus/(Deficit) for the year	1 383	(7 917)	(6 534)	52 448		58 982	-802.7%	3791.9%			-	12 792

Appendix E2 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Municipal Vote Classification)

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2015/2016								2014/2015			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	80 237	7 624	87 861	93 188		5 327	106.1%	116.1%				79 952
Vote 2 - EXECUTIVE & COUNCIL	251	354	605	622		17	102.8%	247.6%				499
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	3 410	(928)	2 482	2 482		0	100.0%	72.8%				4 416
Vote 4 - CORPORATE SERVICES	28 372	(3 480)	24 892	30 251		5 359	121.5%	106.6%				37 315
Vote 5 - ENGINEERING SERVICES	443 391	(5 089)	438 302	435 922		(2 380)	99.5%	98.3%				406 734
Vote 6 - COMMUNITY SERVICES	–	27 232	27 232	37 497		10 265	137.7%	#DIV/0!				–
Total Revenue by Vote	555 661	25 713	581 374	599 961		18 588	103.2%	108.0%				528 916
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	30 523	3 272	33 794	25 285	(8 509)	(8 509)	74.8%	82.8%	–	–	–	24 212
Vote 2 - EXECUTIVE & COUNCIL	28 769	606	29 375	25 972	(3 403)	(3 403)	88.4%	90.3%	–	–	–	23 995
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	44 872	(24 547)	20 324	19 054	(1 270)	(1 270)	93.8%	42.5%	–	–	–	39 919
Vote 4 - CORPORATE SERVICES	54 727	(5 899)	48 828	46 430	(2 398)	(2 398)	95.1%	84.8%	4 208	4 208	–	55 518
Vote 5 - ENGINEERING SERVICES	395 388	1 793	397 182	388 223	(8 959)	(8 959)	97.7%	98.2%	14 985	14 985	–	372 482
Vote 6 - COMMUNITY SERVICES	–	58 405	58 405	42 550	(15 855)				–	–	–	–
Total Expenditure by Vote	554 278	33 630	587 907	547 513	(40 394)	(24 539)	93.1%	98.8%	19 194	19 194	–	516 125
Surplus/(Deficit) for the year	1 383	(7 917)	(6 534)	52 448		43 127	-802.7%	3791.9%				

Appendix E3 - Unaudited Langeberg Municipality												
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)												
Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)												
Description R thousand	2015/2016							2014/2015				
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	38 577	1 340	39 917	39 954		37	100.1%	103.6%				34 520
Property rates - penalties & collection charges	487	-	487	269		(218)	55.3%	55.3%				294
Service charges - electricity revenue	303 898	(2 185)	301 714	302 786		1 072	100.4%	99.6%				275 445
Service charges - water revenue	39 308	-	39 308	37 493		(1 815)	95.4%	95.4%				34 766
Service charges - sanitation revenue	13 504	1 000	14 504	18 979		4 475	130.9%	140.5%				10 640
Service charges - refuse revenue	11 805	1 500	13 305	14 417		1 112	108.4%	122.1%				13 365
Service charges - other	-	-	-	-		-	-	-				
Rental of facilities and equipment	2 896	(171)	2 726	2 624		(102)	96.3%	90.6%				2 332
Interest earned - external investments	2 940	600	3 540	4 392		852	124.1%	149.4%				3 222
Interest earned - outstanding debtors	3 883	(2 296)	1 587	1 686		98	106.2%	43.4%				3 277
Dividends received	-	-	-	-		-	-	-				
Fines	12 865	5 997	18 862	20 679		1 817	109.6%	160.7%				21 824
Licences and permits	1 635	90	1 725	1 169		(556)	67.8%	71.5%				1 151
Agency services	2 366	500	2 866	3 141		274	109.6%	132.7%				2 827
Transfers recognised - operational	75 992	10 744	86 735	75 498		(11 237)	87.0%	99.4%				82 859
Other revenue	16 282	7 674	23 956	26 677		2 721	111.4%	163.8%				19 063
Gains on disposal of PPE	-	-	-	3 529		3 529	#DIV/0!	#DIV/0!				613
Total Revenue (excluding capital transfers and contributions)	526 439	24 793	551 232	553 294		2 061	100.4%	105.1%				506 197
Expenditure By Type												
Employee related costs	159 970	128	160 097	146 027	(14 071)	(14 071)	91.2%	91.3%	(10 421)	(10 421)	-	138 554
Remuneration of councillors	8 858	-	8 858	8 740	(118)	(118)	98.7%	98.7%	-	-		8 331
Debt impairment	16 773	8 000	24 773	30 410	5 637	5 637	122.8%	181.3%	5 344	5 344	-	21 362
Depreciation & asset impairment	21 745	13 000	34 745	31 493	(3 251)	(3 251)	90.6%	144.8%	14 054	14 054	-	34 131
Finance charges	8 666	-	8 666	11 429	2 764	2 764	131.9%	131.9%	257	257	-	9 348
Bulk purchases	241 735	-	241 735	242 032	297	297	100.1%	100.1%	7 141	7 141	-	213 946
Other materials	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1 993	64	2 057	2 183	127	127	106.2%	109.6%	80	80	-	1 983
Transfers and grants	126	-	126	125	(1)	(1)	99.4%	99.4%	-	-	-	120
Other expenditure	94 413	12 438	106 851	73 507	(33 344)	(33 344)	68.8%	77.9%	2 681	2 681	-	88 259
Loss on disposal of PPE	-	-	-	1 567	1 567	1 567	#DIV/0!	#DIV/0!	58	58	-	90
Total Expenditure	554 278	33 630	587 907	547 513	(40 394)	(40 394)	93.1%	98.8%	19 194	19 194	-	516 125
Surplus/(Deficit)	(27 839)	(8 836)	(36 675)	5 780		42 455	-15.8%	-20.8%				(9 927)
Transfers recognised - capital	29 222	919	30 141	46 668		16 526	154.8%	159.7%				22 719
Contributions recognised - capital	-	-	-	-		-	-	-				
Contributed assets	-	-	-	-		-	-	-				

Explanation for material variances

Due to iGRAP 1 on Traffic Fines

Appendix E3 - Unaudited

Langeberg Municipality

- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2015/2016								2014/2015			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit) after capital transfers & contributions	1 383	(7 917)	(6 534)	52 448		58 982	-802.7%	3791.9%				12 792
Taxation				-		-	-	-				
Surplus/(Deficit) after taxation	1 383	(7 917)	(6 534)	52 448		58 982	-802.7%	3791.9%				12 792
Attributable to minorities				-		-	-	-				
Surplus/(Deficit) attributable to municipality	1 383	(7 917)	(6 534)	52 448		58 982	-802.7%	3791.9%				12 792
Share of surplus/ (deficit) of associate				-		-	-	-				
Surplus/(Deficit) for the year	1 383	(7 917)	(6 534)	52 448		58 982	-802.7%	3791.9%				12 792

Explanation for material variances

Appendix E4 - Unaudited
Langeberg Municipality
- Capital Expenditure by Vote, Standard Classification and Funding

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

R thousand	Vote Description	2015/2016								2014/2015			
		Original Budget	Total Budget	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported unauthorised	Expenditure	Balance to be	Restated
		1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote													
Single-year expenditure													
Vote 1 - FINANCE		—	—	—	—	—	—	—	—	—	—	—	275
Vote 2 - EXECUTIVE & COUNCIL		—	—	—	—	—	—	—	—	—	—	—	—
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	4 275	(900)	3 375	3 398	23	23	101%	79%	—	—	—	—	5 749
Vote 4 - CORPORATE SERVICES	3 489	(2 829)	660	551	(109)	(109)	83%	16%	—	—	—	—	3 387
Vote 5 - ENGINEERING SERVICES	43 860	4 473	48 333	37 999	(10 334)	(10 334)	79%	87%	—	—	—	—	43 121
Vote 6 - COMMUNITY SERVICES	—	6 306	6 306	30 387	24 081	24 081	482%	#DIV/0!	—	—	—	—	—
Capital single-year expenditure	51 624	7 050	58 674	72 335	13 661	13 661	123%	140%	—	—	—	—	52 531
Total Capital Expenditure - Vote	51 624	7 050	58 674	72 335	13 661	13 661	123%	140%	—	—	—	—	52 531
Capital Expenditure - Standard													
Governance and administration	2 625	60	2 685	2 635	(50)	(50)	98%	100%	—	—	—	—	4 536
Executive and council	—	—	—	—	—	—	—	—	—	—	—	—	—
Budget and treasury office	—	—	—	—	—	—	—	—	—	—	—	—	275
Corporate services	2 625	60	2 685	2 635	(50)	(50)	98%	100%	—	—	—	—	4 261
Community and public safety	5 789	413	6 202	27 398	21 196	21 196	442%	473%	—	—	—	—	7 355
Community and social services	4 289	333	4 622	3 479	(1 142)	(1 142)	75%	81%	—	—	—	—	3 484
Sport and recreation	—	80	80	79	(1)	(1)	99%	#DIV/0!	—	—	—	—	854
Public safety	—	—	—	—	—	—	—	—	—	—	—	—	26
Housing	1 500	—	1 500	23 839	22 339	22 339	1589%	1589%	—	—	—	—	2 990
Health	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	11 719	(824)	10 895	5 794	(5 101)	(5 101)	53%	49%	—	—	—	—	3 321
Planning and development	—	—	—	—	—	—	—	—	—	—	—	—	510
Road transport	10 869	(1 428)	9 441	4 406	(5 035)	(5 035)	47%	41%	—	—	—	—	2 810
Environmental protection	850	604	1 454	1 388	(66)	(66)	95%	163%	—	—	—	—	—
Trading services	31 491	7 401	38 892	36 508	(2 384)	(2 384)	94%	116%	—	—	—	—	37 321
Electricity	5 054	2 101	7 156	5 761	(1 395)	(1 395)	81%	114%	—	—	—	—	12 018
Water	3 528	(2 368)	1 160	1 061	(99)	(99)	91%	30%	—	—	—	—	20 885
Waste water management	9 070	13 820	22 890	21 959	(931)	(931)	96%	242%	—	—	—	—	1 007
Waste management	13 839	(6 152)	7 687	7 727	40	40	101%	56%	—	—	—	—	3 411
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	51 624	7 050	58 674	72 335	13 661	13 661	123%	140%	—	—	—	—	52 531
Funded by:													
National Government	26 633	537	27 170	22 005	(5 165)	81%	83%	—	—	—	—	—	19 961
Provincial Government	2 589	383	2 972	24 343	21 372	819%	940%	—	—	—	—	—	2 362
District Municipality	—	—	—	—	—	—	—	—	—	—	—	—	396
Other transfers and grants	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	29 222	919	30 141	46 348	—	16 207	154%	159%	—	—	—	—	22 719
Public contributions & donations	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—
Internally generated funds	22 402	6 131	28 532	25 987	(2 546)	91%	116%	—	—	—	—	—	29 813
Total Capital Funding	51 624	7 050	58 674	72 335	—	13 661	123%	140%	—	—	—	—	52 531

Appendix E5 - Unaudited
Langeberg Municipality
- Cash Flows

Reconciliation of Table A7 Budgeted Cash Flows

R thousand	Description	2015/2016							2014/2015
		Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
		1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	450 922	–	450 922	426 609	(24 313)	94.6%	94.6%	391 122	
Government - operating	75 248	10 250	85 498	75 959	(9 539)	88.8%	100.9%	83 997	
Government - capital	23 912	–	23 912	46 368	22 456	193.9%	193.9%	28 580	
Interest	6 482	–	6 482	2 322	(4 160)	35.8%	35.8%	2 439	
Dividends	–	–	–	–	–	–	–	–	
Payments									
Suppliers and employees	(500 176)	(1 565)	(501 740)	(454 506)	47 235	90.6%	90.9%	(426 710)	
Finance charges	(2 674)	–	(2 674)	(2 854)	(180)	106.7%	106.7%	(3 191)	
Transfers and Grants	–	–	–	(749)	(749)	#DIV/0!	#DIV/0!	(120)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	53 715	8 686	62 400	93 150	30 750	149.3%	173.4%	76 115	
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	–	–	–	3 786	3 786	#DIV/0!	#DIV/0!	880	
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	
Decrease (increase) other non-current receivables	2 000	–	2 000	–	(2 000)	–	–	–	
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	
Payments									
Capital assets	(51 624)	(7 050)	(58 674)	(72 481)	(13 808)	123.5%	140.4%	(52 269)	Under expenditure as many projects could not be completed by 30 June 2015.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(49 624)	(7 050)	(56 674)	(68 695)	(12 021)	121.2%	138.4%	(51 390)	
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	–	–	–	–	–	–	–	–	
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	
Increase (decrease) in consumer deposits	457	–	457	1 032	575	225.7%	225.7%	811	
Payments									
Repayment of borrowing	(2 871)	–	(2 871)	(4 510)	(1 640)	157.1%	157.1%	(4 100)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 414)	–	(2 414)	(3 478)	(1 065)	144.1%	144.1%	(3 289)	
NET INCREASE/ (DECREASE) IN CASH HELD	1 677	1 636	3 313	20 977					21 437
Cash/cash equivalents at the year begin:	67 268	15 365	82 634	82 634					61 197
Cash/cash equivalents at the year end:	68 946	(11 283)	85 946	103 610	17 664	120.6%	150.3%	82 634	